



ADMISSION TO AIM

May 25, 2017

IMPORTANT NOTICE

ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to this electronic transmission and the attached document, comprising a document to be published in accordance with the supplement to Schedule One of the AIM Rules for Companies published by London Stock Exchange plc (“LSE”) as amended from time to time (“**Appendix Document**”), which has been prepared and published by Touchstone Exploration Inc. (“**Touchstone**” or the “**Company**”). You therefore must read this disclaimer carefully before accessing, reading or making any other use of the Appendix Document. In accessing the Appendix Document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Appendix Document is confidential and intended for you only and you agree that you will not forward, to any other person, reproduce, copy, download or publish this electronic transmission or the Appendix Document, whether electronically or otherwise.

The Appendix Document has been prepared solely in connection with the proposed placing (“**Placing**”) of common shares of no par value in the capital of the Company (“**Common Shares**”) and the proposed application for admission (“**Admission**”) of the whole of the issued and to be issued share capital of the Company to listing on AIM, a market operated by the LSE. The Appendix Document is not an approved prospectus for the purposes of the Prospectus Rules of the Financial Conduct Authority (“**FCA**”) and a copy of it has not been, and will not be, reviewed or approved by the FCA, the UK Listing Authority, the LSE, the Toronto Stock Exchange or any other competent authority. This Appendix Document has not been approved by an authorised person pursuant to section 21 of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”).

THIS ELECTRONIC TRANSMISSION AND THE APPENDIX DOCUMENT MAY ONLY BE DISTRIBUTED IN CONNECTION WITH “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”) (“REGULATION S”) OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE APPENDIX DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE APPENDIX DOCUMENT CONSTITUTES A PLACING OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SHARES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT OR (2) IN AN “OFFSHORE TRANSACTION” AS DEFINED IN, AND IN ACCORDANCE WITH RULE 903 OR RULE 904 OF, REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

This electronic transmission, the Appendix Document and the Placing of Common Shares, when made, pursuant to the Placing are being distributed only to and are only directed at persons in member states of the European Economic Area who are “qualified investors” within the meaning of article 2(1)(e) of the Prospectus Directive (“**Qualified Investors**”). In addition, in the United Kingdom, this electronic transmission and the Appendix Document are being distributed only to and are only directed at Qualified Investors: (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) (investment professionals); or (b) who fall within Article 49(2)(a) to (d) of the Order (high net

worth companies, unincorporated associations etc.), (all such persons referred to above being “**Relevant Persons**”). Any investment or investment activity to which this electronic transmission and the Appendix Document relate is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The Appendix Document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Company, Shore Capital and Corporate Limited, Shore Capital Stockbrokers Limited and FirstEnergy Capital LLP (together, the “**Banks**”) nor any of their respective directors, officers, partners employees, agents, affiliates, representatives or advisers, or any other person, accepts any liability or responsibility whatsoever in respect of any difference between the Appendix Document distributed to you in electronic format and the hard copy version available to you on request. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Shore Capital and Corporate Limited has been appointed as nominated adviser to the Company. Shore Capital and Corporate Limited, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Placing and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of Shore Capital and Corporate Limited or for advising any other person in respect of the Placing and Admission.

Shore Capital Stockbrokers Limited has been appointed as joint broker to the Company. Shore Capital Stockbrokers Limited, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Placing and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of Shore Capital Stockbrokers Limited or for advising any other person in respect of the Placing and Admission.

FirstEnergy Capital LLP has been appointed as joint broker to the Company. FirstEnergy Capital LLP, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Placing and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of FirstEnergy Capital LLP or for advising any other person in respect of the Placing and Admission.

None of the Banks have authorised or approved the contents of, or any part of, this electronic transmission or the Appendix Document and no representation or warranty, express or implied, is made by any Bank or any of their respective affiliates as to any of their contents. Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by FSMA or the regulatory regime established thereunder, none of the Banks accepts any responsibility whatsoever for the contents of this electronic transmission and the Appendix Document, including their accuracy, completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Common Shares or the Placing. Each Bank, its subsidiaries, branches and affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this electronic transmission and the Appendix Document or any such statement.

You have been sent the Appendix Document by a Bank on the basis that you have confirmed to it that you are a person into whose possession the Appendix Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Appendix Document to any other person. You will not transmit the Appendix Document (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the relevant Bank.

You should not reply by e-mail to this electronic transmission, and you may not acquire any securities by doing so. Any reply e-mail communications will be ignored or rejected.

This electronic transmission does not constitute, or form part of, any offer or invitation to sell, allot or issue or any solicitation of any offer to purchase or subscribe for any securities, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment for securities in any circumstances in which such offer or invitation to sell is unlawful.

Neither this electronic transmission nor the Appendix Document constitutes an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Common Shares to any person in the United States, Canada, Australia, the Republic of South Africa, New Zealand, Japan or any other jurisdiction outside of the United Kingdom where such distribution may lead to a breach of any applicable legal or regulatory requirements (each a “**Restricted Jurisdiction**”).

Confirmation of your representation: this electronic transmission and the Appendix Document is delivered to you on the basis that you are deemed to have represented to the Banks and the Company that: (a) you are outside a Restricted Jurisdiction; (b) if you are in the United Kingdom, you are a Relevant Person; (c) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor; and (c) you consent to delivery of the Appendix Document by electronic transmission.

THIS APPENDIX DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Appendix Document you should immediately consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended who specialises in advising on the acquisition of shares and other securities.

This Appendix Document does not constitute an offer or constitute any part of an offer of transferable securities to the public in the United Kingdom, within the meaning of section 85 and 102B of FSMA. Accordingly, this Appendix Document does not constitute a prospectus under the Prospectus Rules published by the FCA and has not been approved or examined by and will not be filed with the FCA.

This Appendix Document has been prepared in accordance with the supplement to Schedule One of the AIM Rules for Companies published by the London Stock Exchange. It includes, inter alia, all information that is equivalent to that required for an admission document and which is not found in the current public disclosure record of Touchstone Exploration Inc., meaning all public information filed on SEDAR (available at www.sedar.com) and all information available on the website of the Company at www.touchstoneexploration.com (together comprising the “**Public Record**”). This Appendix Document, which is dated May 25, 2017, will be available on the Company’s website from May 25, 2017. This Appendix Document should be read in conjunction with the announcement made by the Company on May 25, 2017, being at least 20 Business Days prior to Admission (the “**20 Day Announcement**”) and the Public Record. This Appendix Document and the 20 Day Announcement together constitute the “**Announcement**”.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this Appendix Document.

The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Common Shares to the Official List. No applications for the Common Shares to be listed or traded on any other recognised investment exchange have been made or are currently intended to be made. The Common Shares are also listed and traded on the Toronto Stock Exchange.

The directors whose names are set out on page 9 of this Appendix Document (the “**Board**”) and the Company accept responsibility individually and collectively for the information contained in this Appendix Document. To the best of the knowledge and belief of the Board and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Appendix Document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Board and the Company are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this Appendix Document, no person is authorised to give any information or make any representation other than as contained in this Appendix Document. In accordance with the AIM Rules for Companies, application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Common Shares will commence on AIM on June 26, 2017.

Touchstone Exploration Inc.



(Incorporated under the laws of Alberta, Canada with business number 837226448)

Placing of 20,000,000 Common Shares at 7.25 pence per Common Share

Appendix to Pre-Admission Announcement

and

Admission to trading on AIM

Nominated Adviser and Joint Broker

Joint Broker



YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS APPENDIX DOCUMENT.

Prospective investors should read the whole text of this Appendix Document and should be aware that an investment in the Company involves a high degree of risk. The attention of prospective investors is drawn in particular to Part II of this Appendix Document which sets out certain risk factors relating to any investment in Common Shares. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this Appendix Document.

The Placing is conditional, inter alia, on Admission taking place by 8.00 am on June 26, 2017 (or such later date as the Company, Shore Capital and FirstEnergy Capital LLP ("**GMP FirstEnergy**") may agree being no later than 8.00 am on July 31, 2017). The Placing Shares will, on Admission, rank *pari passu* in all respects with the Common Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Common Shares after Admission.

Shore Capital and Corporate Limited ("**SCC**"), which is authorised and regulated by the Financial Conduct Authority (the "**FCA**"), has agreed to act as nominated adviser to the Company (for the purposes of the AIM Rules for Companies). Shore Capital Stockbrokers Limited ("**SCS**") and GMP FirstEnergy, both of which are authorised and regulated by the FCA, have agreed to act as joint brokers (for the purposes of the AIM Rules for Companies) exclusively to the Company and no one else in connection with the Placing and Admission. Persons receiving this Appendix Document should note that, in connection with the Placing and Admission, SCC, SCS and GMP FirstEnergy are acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of SCC, SCS and/or GMP FirstEnergy or for advising any other person on the transactions and arrangements described in this Appendix Document. The responsibilities of SCC as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, shareholder or any other person in respect of a decision to subscribe for or purchase shares in the Company. No representation or warranty, express or implied, is made by SCC, SCS or GMP FirstEnergy as to any of the contents of this Appendix Document in connection with the proposed Placing or Admission, or otherwise. Neither SCC nor SCS nor GMP

FirstEnergy have authorised the contents of any part of this Appendix Document and SCC, SCS and GMP FirstEnergy accept no liability whatsoever for the accuracy of any information or opinions contained in this Appendix Document or for the omission of any material information from this Appendix Document, for which the Company and the Board are solely responsible.

This Appendix Document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Common Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland. The issue of Common Shares has not been, and will not be, registered under the applicable securities laws of the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland and the Common Shares may not be offered or sold directly or indirectly within the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland or to, or for the account or benefit of any person within the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland. The distribution of this Appendix Document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Appendix Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

Prospective investors should rely only on the information contained in this Appendix Document. No person has been authorised to give any information or make any representations other than as contained in this Appendix Document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Board, SCC, SCS or GMP FirstEnergy. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this Appendix Document nor any subscription made under this Appendix Document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Appendix Document or that the information contained in this Appendix Document is correct as of any time subsequent to the date of this Appendix Document.

Copies of the Announcement will be available to the public free of charge at the registered office of the Company at Suite 3700, 400 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 during normal business hours on any weekday (other than Saturdays, Sundays and public holidays) for a period of at least one month from the date of Admission. This Appendix Document will be available for download from the Company's website at <http://www.touchstoneexploration.com>.

IMPORTANT INFORMATION

FORWARD-LOOKING STATEMENTS

Certain statements in this Appendix Document are “forward-looking statements”. Please refer to the section titled “forward-looking statements” on pages 94-97 (inclusive).

NOTICE TO ALL PROSPECTIVE INVESTORS

The distribution of this Appendix Document may be restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Appendix Document are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Appendix Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. Prospective investors should not assume that the information in this Appendix Document is accurate as of any other date than the date of this Appendix Document. The Company is not providing prospective investors with any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers, as required, to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Common Shares. The Public Record, including the Company’s website, and any websites accessible from hyperlinks on the Company’s website, does not form part of this Appendix Document.

UNITED STATES SECURITIES LAW

The Common Shares have not been and will not be registered under the Securities Act or securities laws of any US state or other jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other applicable laws.

The Common Shares are generally only being offered and sold outside the United States to persons who are not US Persons (within the meaning of Regulation S) in transactions complying with Regulation S, which provides an exemption from the requirement to register the offer and sale under the Securities Act.

The Common Shares have not been approved or disapproved by, nor will they be registered under the Securities Act or with, the US Securities and Exchange Commission (“**SEC**”) or by any US state securities commission or authority, nor has any such US authority reviewed, approved or confirmed on the accuracy or adequacy of this Appendix Document. Any representation to the contrary is a criminal offence.

CANADIAN SECURITIES LAW

The issuance of the Placing Shares will be exempt from the prospectus requirements of the securities legislation of the provinces and territories of Canada. The Placing Shares have not been qualified for sale in Canada, and may not be offered or sold in the Canada, directly or indirectly, on behalf of the Company.

This Appendix Document has been provided to you on the basis that you are at the time of the offer and sale of the Placing Shares resident outside of Canada and are acquiring the Placing Shares for investment purposes only, and not with a view to resale of the Placing Shares to a person resident in Canada for a period of four months and one day from the time of the offer and sale of the Placing Shares. Persons who do not fall within the foregoing criteria should not rely on or act upon this Appendix Document. If you are uncertain whether or not you fall within the above categories, you should consult a professional adviser for advice.

NON-GAAP TERMS

Terms commonly used in the oil and natural gas industry, such as funds flow from operations per share, operating 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. 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 netback is presented on a per barrel basis and is calculated by deducting royalties, operating expenses and realized gains or losses on derivative contracts from petroleum revenue. The Company discloses operating netback both prior to realized gains or losses on derivatives and after the impacts of derivatives are included. Net debt is calculated by summing the Company's working capital and non-current undiscounted interest bearing liabilities. Working capital is defined as current assets less current liabilities. Management uses these non-GAAP terms for its own performance measurement and to provide stakeholders with additional measurements of the Company's efficiency and its ability to fund a portion of its future capital expenditures. Shareholders and investors are cautioned that these measures should not be construed as alternatives to net income, comprehensive income and cash provided by operating activities or other measures of financial performance as determined in accordance with GAAP.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|---------------|
| Publication date of this Appendix Document and the Schedule 1 Announcement | May 25, 2017 |
| Admission becomes effective and dealings in the Enlarged Share Capital expected to commence on AIM | June 26, 2017 |
| Expected date CREST accounts to be credited (where applicable) with Depository Interests in respect of Placing Shares | June 26, 2017 |
| Definitive share certificates expected to be dispatched in respect of the Placing Shares (as applicable) | July 10, 2017 |

Each of the dates in the above timetable is subject to change without further notice. Temporary documents of title will not be issued. References in this Appendix Document to a time are to London time unless otherwise stated.

PLACING STATISTICS

| | |
|---|---------------|
| Number of Existing Common Shares prior to Admission* | 83,137,143 |
| Placing Price (pence) | 7.25 |
| Number of Placing Shares to be issued pursuant to the Placing | 20,000,000 |
| Enlarged Share Capital at Admission | 103,137,143 |
| Placing Shares as a percentage of the Enlarged Share Capital | 19.4% |
| Gross proceeds of the Placing (£) | £1,450,000 |
| Gross proceeds of the Placing | \$2,552,000 |
| Market capitalisation of the Company at the Placing Price following Admission | £7.48 million |
| AIM symbol for the Placing Shares | TXPR |
| AIM symbol for the Existing Common Shares | TXP |
| TSX symbol | TXP |
| ISIN for the Placing Shares | CA89156L2075 |
| SEDOL for the Placing Shares | BD8ZCF6 |
| ISIN for the Existing Common Shares | CA89156L1085 |
| SEDOL for the Existing Common Shares | BD8ZCD4 |

* Assuming no issuance of new Common Shares pursuant to the exercise of stock options or incentive share options before Admission.

CURRENCY AND EXCHANGE RATES

In this Appendix Document, 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 “Cdn\$” are to Canadian dollars, references to “US\$” are to United States dollars, references to “TT\$” are to Trinidad and Tobago dollars, and references to “£” are to pounds sterling. For reference purposes in this Appendix Document, one British pound has been translated into Canadian dollars at a rate of 1 : 1.76. All amounts with respect to the Placing referred to in Parts I and IV of this Appendix Document have been calculated using this exchange rate.

CERTAIN DEFINITIONS

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

Selected Defined Terms

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

“**Act**” means the UK Companies Act 2006;

“**Admission**” means the admission of the Existing Common Shares and the Placing Shares to trading on AIM such admission becoming effective in accordance with the AIM Rules;

“**AIM**” the market of that name operated by the London Stock Exchange;

“**AIM Rules**” or “**AIM Rules for Companies**” means the AIM Rules for Companies published by the London Stock Exchange governing admission to, and the operation of, AIM as in force as at the date of this Appendix Document or, where the context so requires, as amended or modified after the date of this Appendix Document;

“**Archon**” means Archon Technologies Ltd., a wholly-owned subsidiary of Touchstone, formerly incorporated under the laws of the Province of Alberta. Effective January 1, 2017, Archon Technologies Ltd. amalgamated with Touchstone Exploration Inc. pursuant to Section 184(1) of the ABCA;

“**Banks**” means GMP FirstEnergy and Shore Capital;

“**Board**” or “**Directors**” means the directors of Touchstone whose names are set out on page 9 of this Appendix Document;

“**Brent**” means the Intercontinental Exchange Brent crude oil benchmark price;

“**City Code**” means the City Code on Takeovers and Mergers;

“**Common Shares**” means the Common Shares in the capital of the Company of no par value from time to time and, as at the date of this Appendix Document, constitutes the Existing Common Shares;

“**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;

“**Competent Person**” or “**GLJ**” means GLJ Petroleum Consultants Ltd., independent petroleum engineers of Calgary, Alberta;

“**Competent Person’s Report**” means the technical report dated May 19, 2017 prepared by GLJ in accordance with the 2011 Petroleum Resources Management System (as defined by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and the Society of Petroleum Evaluation Engineers), NI 51-101 and the “AIM Note for Mining and Oil & Gas Companies” as published in June 2009 by the London Stock Exchange that is effective December 31, 2016;

“Connected Parties” has the meaning given to it in section 252 of the Act;

“CREST” means the Relevant System (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);

“CREST Regulations” means the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);

“Depositary Deed” means the deed made by the Depositary in favour of the DI Holders;

“Depositary” means Computershare Investor Services PLC, a company incorporated in England and Wales;

“Depositary Agreement” means the agreement entered into between the Company and the Depositary, details of which are set out at page 82 of this Appendix Document;

“Depositary Interests” or **“DIs”** mean dematerialized depositary interests representing Common Shares;

“DI Holders” means holders of a DI issued pursuant to the Depositary Deed;

“DTR” means the Disclosure and Transparency Rules as published by the FCA as in force as at the date of this Appendix Document or, where the context so requires, as amended or modified after the date of this Appendix Document;

“Enlarged Share Capital” means the total number of Common Shares expected to be in issue on Admission, comprising the Existing Common Shares and the Placing Shares;

“Exchange” or **“TSX”** means the Toronto Stock Exchange;

“Existing Common Shares” means the 83,137,143 Common Shares in issue as at the date of this Appendix Document;

“FCA” means the United Kingdom’s Financial Conduct Authority;

“FSMA” means the Financial Services and Markets Act 2000 (as amended);

“GAAP” means Generally Accepted Accounting Principles for publicly accountable entities in Canada which is currently in accordance with IFRS;

“GMP FirstEnergy” means FirstEnergy Capital LLP;

“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 transferred to Touchstone pursuant to the PetroBakken Reorganization;

“Incentive Share Plan” means the compensation plan where the Board may grant a maximum of 2,000,000 incentive shares to participants;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“ISIN” means International Securities Identification Number;

“London Stock Exchange” or **“LSE”** means London Stock Exchange PLC;

“Market Abuse Regulation” or **“MAR”** mean the Market Abuse Regulation (EU 596/2014);

“MEEI” means the Ministry of Energy and Energy Industries of Trinidad and Tobago (formerly the Ministry of Energy and Energy Affairs);

“NI 45-102” means National Instrument 45-102- *Resale of Securities*

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

“Official List” means the Official List of the UKLA;

“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” 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 *“History and Development of the Company”*;

“Petrotrin” mean the Petroleum Company of Trinidad and Tobago Limited, the state-owned oil and gas company of Trinidad and Tobago;

“Placing” means the proposed conditional placing of the Placing Shares at the Placing Price by the Banks on behalf of the Company;

“Placing Agreement” means the conditional agreement dated May 25, 2017 and made between the Company, the Directors and the Banks, a summary of the principal terms of which are set out at page 81 of this Appendix Document;

“Placing Price” means 7.25 pence per Placing Share;

“Placing Shares” means 20,000,000 common shares to be issued in connection with the Placing on the terms and subject to the conditions of the Placing Agreement;

“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 (which amalgamated with Primera Oil and Gas Limited on August 31, 2015);

“Prospectus Rules” means the prospectus rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA;

“Regulation S” means Regulation S under the Securities Act;

“SCC” means Shore Capital and Corporate Limited;

“SCS” or **“Shore Capital Stockbrokers”** means Shore Capital Stockbrokers Limited;

“Securities Act” means the United States Securities Act of 1933, as amended;

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

“**Shareholder(s)**” means the holder(s) of Common Shares;

“**Shore Capital**” means SCC and/or SCS as the context permits;

“**Stock Option Plan**” means “rolling” stock option plan reserving a maximum of 10% of the issued Common Shares at the time of the stock option grant;

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

“**Term Loan**” means the term loan advanced to the Company pursuant to the Term Loan Agreement;

“**Term Loan Agreement**” means the \$15 million term loan agreement dated November 7, 2016 among Touchstone Exploration Inc. and Crown Capital Fund IV, LP;

“**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;

“**TSX**” means the Toronto Stock Exchange;

“**TSX Rules**” means the Company Manual of the Toronto Stock Exchange, as amended from time to time;

“**Trinidad**” means the Republic of Trinidad and Tobago; and

“**United Kingdom Listing Authority**” or “**UKLA**” means the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA.

Selected Oil and Gas Terms

“**abandonment and reclamation costs**” means all costs associated with the process of restoring a property that has been disturbed by oil and gas activities to a standard imposed by applicable government and regulatory authorities;

“**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;

“conventional natural gas” means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features;

“crude oil” or **“oil”** means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not contain liquids obtained from the process of natural gas;

“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:

- 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;
- 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;
- 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
- 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:

- 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”);

- 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;
- dry hole contributions and bottom hole contributions;
- costs of drilling and equipping exploratory wells; and
- costs of drilling exploratory type stratigraphic test wells;

“forecast prices and costs” means future prices and costs that are:

- generally accepted as being a reasonable outlook of the future; or
- 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 above;

“future net revenue” means a forecast of revenue, estimated using forecast prices and costs, arising from the anticipated development and production of resources, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs;

“gross” means:

- 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;
- in relation to wells, the total number of wells in which a reporting issuer has an interest; and
- in relation to properties, the total area of properties in which a reporting issuer has an interest;

“heavy crude oil” or **“heavy oil”** means crude oil with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity;

“hydrocarbon” means a compound consisting of hydrogen and carbon, which, when naturally occurring, may also contain other elements such as sulphur;

“light crude oil” or **“light oil”** means crude oil with a relative density greater than 31.1 degrees API gravity;

“medium crude oil” or **“medium oil”** means crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity;

“natural gas” means a naturally occurring mixture of hydrocarbon gases and other gases;

“natural gas liquids” means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus and condensates;

“net” means:

- 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;
- 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
- 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;

“property” includes: (a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest; (b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and (c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as “producer” of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer). A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas;

“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: (a) analysis of drilling, geological, geophysical and engineering data; (b) the use of established technology; and (c) 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 Appendix Document are defined separately, and the terms and abbreviations defined above are not used therein, except where otherwise indicated. Otherwise, capitalized terms used in this Appendix Document which have not been defined above shall have the meanings given to them in this Appendix Document.

TECHNICAL ABBREVIATIONS AND CONVENTIONS

In this Appendix Document, the crude oil and natural gas abbreviations set forth below have the following meanings:

| Oil | | Natural Gas | |
|--------------|---|--------------------|---------------------|
| bbl | barrel | Mcfe | thousand cubic feet |
| bbls | barrels | MMcf | million cubic feet |
| Mbbl | thousand barrels | | |
| bbls/d | barrels per day | | |
| Other | | | |
| boe | barrel of oil equivalent, using the conversion factor of 6 Mcf: 1 bbl | | |
| Mboe | thousand barrels of oil equivalent | | |
| boe/d | barrel of oil equivalent per day | | |

'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.

DIRECTORS, SECRETARY AND ADVISERS

| | |
|--|---|
| Directors: | John D. Wright - Non-Executive Chairman Paul R. Baay - President and Chief Executive Officer Kenneth R. McKinnon - Independent Non-Executive Director Thomas E. Valentine - Independent Non-Executive Director Dr. Harrie Vredenburg - Independent Non-Executive Director |
| Senior Management | Scott Budau (Chief Financial Officer) James Shipka (Chief Operating Officer) |
| Company Secretary | Thomas E. Valentine |
| Head Office | Suite 4100, 350 7 th Avenue SW Calgary, Alberta, Canada T2P 3N9 |
| Registered Office | Suite 3700, 400 3 rd Avenue SW Calgary, Alberta, Canada T2P 4H2 |
| Nominated & Financial Adviser | Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London, W1S 4JU |
| Joint Broker | Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London, W1S 4JU |

| | |
|--------------------------------------|---|
| Joint Broker | GMP FirstEnergy 85 London Wall London, EC2M 7AD |
| Auditors | Ernst & Young LLP Suite 2200, 215 2 nd Street SW Calgary, Alberta, Canada T2P 1M4 Member of the Chartered Professional Accountants (CPA) of Alberta |
| Legal Advisers to the Company | |
| <i>As to Canadian law</i> | Norton Rose Fulbright Canada LLP Suite 3700, 400 3 rd Avenue SW Calgary, Alberta, Canada T2P 4H2 |
| <i>As to Barbadian law</i> | LEX Caribbean Worthing Corporate Center Worthing, Christ Church, Barbados BB15008 |
| <i>As to Trinidadian law</i> | Nunez & Co. Invaders Bay Tower Level 2 Audrey Jeffers Highway Port of Spain, Trinidad |
| <i>As to English law</i> | Norton Rose Fulbright LLP 3 More London Riverside London, SE1 2AQ |
| Legal Adviser to the Banks | Locke Lord (UK) LLP Second Floor 201 Bishopsgate London, EC2M 3AB |
| Competent Person | GLJ Petroleum Consultants Ltd. Suite 4100, 400 3 rd Avenue SW Calgary, Alberta, Canada T2P 4H2 |
| Financial PR | Capital Market Communications Limited 107 Cheapside London, EC2V 6DN |
| Transfer Agent and Registrar | Computershare Trust Company of Canada Suite 600, 530 8 th Avenue SW Calgary, Alberta, Canada T2P 3S8 |
| UK Depositary | Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS13 8AE |
| Company's website | www.touchstoneexploration.com |

PART I INFORMATION OF THE COMPANY

1. Introduction

The Company, through its subsidiaries, is an oil and gas exploration and production company active in the Republic of Trinidad and Tobago. Touchstone is one of the largest independent onshore oil producers in Trinidad, with assets in several large, high-quality reservoirs that have significant internally estimated total petroleum initially-in-place and an extensive inventory of low-risk development opportunities.

The Company is a reporting issuer in each of the Provinces of Canada and the Common Shares trade on the TSX under the symbol “**TXP**”. The Company confirms that, following due and careful enquiry, it has adhered to the legal and regulatory requirements involved in having the Common Shares traded on the TSX.

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

The Directors have considerable expertise in developing international oil and gas companies. Mr. Paul Baay has a track record of building three oil and gas companies. Whilst President and Chief Executive Officer at True Energy Inc., Mr. Baay increased True Energy Inc.’s oil production between 2000 and 2007 from 350 boe/d to 20,000 boe/d. True Energy Inc. was then split into Bellatrix Exploration Inc. and Vero Energy Inc. Mr. Baay was Chairman of Vero Energy Inc. when it was subsequently sold to TORC Oil and Gas Ltd. for approximately \$200 million in 2012. Mr. Baay has been Chief Executive Officer of Touchstone since 2010, increasing the number of drilling locations from 9 to 208 and overseeing a rise in production from approximately 135 boe/d to approximately 1,300 boe/d. John Wright and Ken McKinnon have been involved in successful international oil and gas companies operating in Colombia and Ecuador that developed significant production assets before being monetized to larger competitors. In Canada, they have been directly involved in the successful development of large oil in place assets using new technologies such as horizontal drilling and fracture stimulation.

The Directors are applying their experience towards the oil rich opportunities onshore in Trinidad. The focus is to apply new engineering and technology to the Company’s under exploited assets in Trinidad to significantly enhance recovery factors. The Directors are targeting the Company to become the largest onshore independent oil producer in Trinidad.

Touchstone is seeking a dual-listing on AIM to enhance liquidity for the Company’s shareholders and provide more direct access to the London capital markets. The Board also believes the Company will be able to attract additional institutional and sophisticated investors as a result of the increased awareness of the Company and its projects arising from listing on AIM.

2. History and Development of the Company

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, Petrobank Energy and Resources Ltd. changed its name to Touchstone Exploration Inc., and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc.

At the time of the Touchstone Arrangement Touchstone had producing assets based in Canada and Touchstone Energy Inc. was engaged in the exploration, development and production of oil in Trinidad. The acquired assets included approximately 1,550 barrels per day of existing oil production from approximately 9,000 working interest acres of developed land and approximately 50,000 working interest acres of undeveloped land in Trinidad.

At the time of the Touchstone Arrangement the Company's stated strategy was to focus on accelerating the development of its oil resource base in Trinidad. In line with this strategic focus, the Company has executed a staged withdrawal from its licence and production interests in Canada.

2.1 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 approximately 90,000 gross acres (approximately 64,000 net working interest acres) of exploration and development rights, Touchstone is one of the largest independent onshore oil producers in Trinidad. Further details regarding the Company's Trinidad assets are set forth in paragraph 4.

2.2 Canada 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 in Canada to a true exploration and production operation, through its key assets in Trinidad, capable of yielding positive economic returns.

In line with this strategy, the Company disposed of the majority of its Canadian producing properties in 2015. On February 1, 2016, the Company closed the disposal of its Kerrobert facility and various undeveloped land effective December 31, 2015. As a consequence, Touchstone has divested all non-core Canadian developed assets.

Touchstone currently has no proved or probable reserves associated with the Company's remaining Canadian assets, which represented 31,608 acres of undeveloped land in Saskatchewan focusing mainly on the Viking formation. Furthermore, the Company did not recognize any crude oil production or related petroleum revenue from its Canadian assets during the year ended December 31, 2016.

3. Overview of Trinidad

The following is a brief summary of the economic and energy market conditions encountered in conducting onshore oil and natural gas operations in Trinidad. The industry related information in this paragraph has been sourced from public information.

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 and has been involved in the petroleum sector for over one hundred years with cumulative production since 1908 totalling 3 billion barrels of oil. According to the June 2016 BP Statistical Energy Survey, Trinidad has proved oil reserves of 0.7 billion barrels as of December 31, 2015 and produced an average of 110,000 barrels of crude oil per day in 2014. The country has developed significant infrastructure in support of the energy industry and currently is the world's sixth largest liquid natural gas exporter and the largest liquid natural gas exporter to the United States. In addition to the state-owned Pointe-a-Pierre oil refinery, which has over 165,000 barrels per day of distillation capacity, the country boasts one of the largest natural gas processing facilities in the

Western 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 Pointe-a-Pierre providing an export terminal for oil, Trinidad and Tobago also boasts a methanol export facility at Point Lisas and a liquefied natural gas and natural gas liquids export facility at Point Fortin. The petroleum and petrochemical industries accounted for approximately 37% of Trinidad's gross domestic product ("GDP") in 2015.

Economic growth averaged slightly over 8% per year between 2000 and 2007, significantly above the average of 3.7% for the Caribbean region during the same period. However, GDP growth slowed; and after a weak recovery in 2012 and 2013, the economy contracted in 2014 and 2015 due to the sharp fall in oil and gas prices. The country has faced significant challenges in adjusting to a low energy prices environment. The collapse of energy prices resulted in job losses and had negative effects on GDP and tax revenues.

Per the Central Bank of Trinidad and Tobago, 2016 available data shows that energy production declined markedly in 2016, due to a combination of factors including maturation of oil and gas fields and maintenance work which reduced gas feedstock to the downstream industries. The prospects for 2017 appear brighter as both oil and gas output are expected to recover slightly as new fields are placed into operation, and there are fewer expected stoppages for maintenance.

The International Monetary Fund reported Trinidad and Tobago as one of the top five countries in Latin America and the Caribbean for financial stability (2016).

4. Trinidad Assets

The Company holds interests on producing and exploration properties in southern Trinidad. All properties are operated by Touchstone with the exception of the Cory Moruga exploration block. A full schedule of its assets in Trinidad are set out in the table below:

Trinidad Properties

| Property | Working interest | Lease type | Gross acres | Working interest acres |
|------------------|------------------|--------------------|--------------|------------------------|
| Producing | | | | |
| Coora 1 | 100% | Lease Operatorship | 1,230 | 1,230 |
| Coora 2 | 100% | Lease Operatorship | 469 | 469 |
| WD-4 | 100% | Lease Operatorship | 700 | 700 |
| WD-8 | 100% | Lease Operatorship | 650 | 650 |
| New Dome | 100% | Farmout Agreement | 69 | 69 |
| South Palo Seco | 100% | Farmout Agreement | 2,019 | 2,019 |
| Barrackpore | 100% | Freehold | 211 | 211 |
| Fyzabad | 100% | Crown | 94 | 94 |
| Fyzabad | 100% | Freehold | 470 | 470 |
| Icados | 50% | Freehold | 1,947 | 974 |
| Palo Seco | 100% | Crown | 499 | 499 |
| San Francique | 100% | Freehold | 1,351 | 1,351 |
| | 90% | | 9,709 | 8,736 |

Coora

The Coora blocks are administered by two Petrotrin LOAs (Coora 1 and Coora 2) which consists of a total of 1,699 developed acres. Currently the property has 145 producing and 68 non-producing wells (net). 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 Energy in January 2011, and a total of seven wells have been drilled by the Company to date.

WD-4

The WD-4 property is governed by a Petrotrin LOA and was acquired in November 2012. The block is located in the Grand Ravine area and has a total of 38 producing wells and 14 non-producing wells (net). 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.

WD-8

The WD-8 field is a mature property that has a total of approximately 650 net acres and is administered by a Petrotrin LOA. The field is currently producing from 84 of 108 wells (net) 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 18 wells have been drilled by the Company.

Fyzabad

The Fyzabad field was acquired as part of the Primera Group acquisition in August of 2011. The property is subject to an exploration and production license with the MEEI and various freehold leases. The property covers 564 acres and 98 wells are currently producing. 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.

4.2 Exploration Properties

The Company also has interests in a number of small undeveloped exploration properties and two larger exploration blocks. Details of the two larger exploration blocks, which the Company operates, are summarized below.

East Brighton

In December 2014 Touchstone entered into an exploration and production license for a 35% non-operated working interest the East Brighton block (the “**East Brighton License**”) offshore Trinidad. The East Brighton License has an initial six-year term, with the option to extend for a further nineteen years upon commercial discovery. The East Brighton License includes a commitment for a six-year minimum work program which includes technical reviews and the drilling of one well to a total depth of 5,000 true vertical feet. In March 2015 the Company acquired an additional 35% working interest in the offshore East Brighton License. In 2016, the Company sought to dispose of its interest in the East Brighton License. In March 2017, the MEEI agreed to reduce the East Brighton License letter of credit from US\$6 million to US\$2.15 million.

Ortoire

In November 2014, the Company signed an exploration and production license with the MEEI for the Ortoire block (the “**Ortoire License**”). The property is located approximately ten kilometres east of Touchstone’s Trinidad office in Fyzabad and covers approximately 44,731 gross acres (35,785 net). 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. To date, the Company has

completed the required technical reviews and geological studies on the property; approximately eight kilometre of 2D seismic was acquired on the block in 2016. Historically 77 wells have been drilled on the Ortoire License. There are four established pools in the Ortoire block, boasting diverse production opportunities: Balata West housing conventional oil in the Herrera formation, Mayaro housing conventional gas in the Gros Morne formation, Maloney boasting conventional oil in the Lower Cruse formation, and Lizard Springs housing fractured shale oil in the Lengua/Karamat formation. The Board has identified the Ortoire License as a property that could be subject to a farm down to enable the Company to minimise its capital commitments under the Company's minimum work obligations.

5. Trinidad Operating Agreements

In Trinidad, the Company operates under LOAs and Farmout agreements with Petrotrin, state exploration and production licenses with the MEEI, and private exploration and production agreements with individual landowners.

5.1 Lease Operatorship Agreements

The Company's LOAs, in respect of its four core properties (Coora 1, Coora 2, WD-4 and WD-8), initially expire on December 31, 2020, with Touchstone holding a five-year renewal option. Under these agreements, the Company is subject to annual minimum production levels and five-year minimum work commitments from 2016 through 2020 (as set out in the table titled Minimum Work Obligations).

In 2016, the Company did not meet the annual minimum production levels and the minimum work obligations specified in the Coora 1, Coora 2 and WD-8 LOAs or the minimum work obligations specified in the WD-4 LOA. Although the LOAs provide that the minimum production levels are to be achieved on a best endeavors basis, the LOAs also describe the failure to achieve the minimum production levels or the failure to complete the work obligations as potentially constituting a material breach of the LOAs. As a result of this inconsistency, the Company sought legal advice regarding the effect of not meeting the production levels and not completing the work obligations.

On March 20, 2017, the Company received additional correspondence from Petrotrin requesting that, prior to April 20, 2017, the Company provide a proposal regarding the completion of the work obligations for both calendar years 2016 and 2017. Petrotrin did not take the position that there was any breach of the LOAs. It is not anticipated that a default notice will be issued; however, in any event, the Company is only required to begin to rectify the breach within seven days from the date of receipt of such notice. The Company began that process in February 2017 and formally provided a response to Petrotrin on April 3, 2017 which set out the Company's proposed work obligations. Petrotrin responded to this letter on May 17, 2017 seeking additional clarification.

The Company has been advised by its legal counsel that the risk to the Company's operations under the LOAs is extremely remote. No assurance can be given that, if future breaches of these obligations occur, they will not result in a material adverse impact to the Company's cash flows. As at the date of this Appendix Document, the Company was in compliance with all other obligations under the LOAs.

5.2 Farmout Agreements

The Company's Farmout Agreements covering the New Dome and South Palo Seco properties, initially expire on December 31, 2021. The Company holds a five-year renewal option, and the agreements are subject to five-year minimum work commitments. Under the Farmout agreements, the Company is subject to five-year minimum work commitments from 2017 through 2021 (as set out in the table titled Minimum Work Obligations). As at December 31, 2016 and as of the date of this Appendix Document, the Company is in compliance with all obligations associated with its Farmout Agreements.

5.3 State Exploration and Production Licenses

The Company has executed exploration and production licenses with the MEEI for its Fyzabad and Palo Seco producing properties. The Company also has entered into similar licenses for its exploration properties (Cory Moruga, East Brighton and Ortoire). The licenses typically are for an initial six-year term, with the option to extend a further 19 years upon a commercial discovery. Under its East Brighton and Ortoire licenses, the Company is subject to work commitments through 2020 (as set out in the table titled Minimum Work Obligations).

The Company's Fyzabad and Palo Seco agreements with the MEEI contain no major work obligations or covenants but expired on August 19, 2013. The Company is currently negotiating license renewals and has permission from the MEEI to operate in the interim period. The Company has no indication that the two licenses will not be renewed. During the year ended December 31, 2016, the production volumes produced under expired MEEI production licenses represented 5.4% of total Trinidad production (2015 – 5.9%).

5.4 Freehold Lease Agreements

Touchstone also negotiates freehold lease agreements with individual land owners. Leases terms are typically 35 years in duration and contain no minimum work obligations.

Touchstone is operating under a number of Trinidad freehold lease agreements which have expired and are currently being renegotiated. Based on legal opinions received, the Company is continuing to recognize revenue on the producing blocks as the Company is the operator. No title to the revenue has been disputed and the Company is paying all associated royalties and taxes. The Company currently has no indication that any of the producing expired leases will not be renewed. During the year ended December 31, 2016, the production volumes produced under expired Trinidad freehold lease agreements represented 2.8% of total Trinidad production (2015 – 2.2%).

6. Summary of Trinidad Minimum Work Commitments

The Company has minimum work obligations under various operating agreements with Petrotrin and exploration commitments under license and production agreements with the MEEI. As at March 31, 2017, the Company's estimated contractual capital requirements over the next five years were as follows:

Minimum Work Obligations

| (\$000's) | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|--------------|---------------|--------------|--------------|------------|---------------|
| Minimum work obligations and lease payments | | | | | | |
| Production Properties | | | | | | |
| Coora blocks | 2,169 | 2,155 | 25 | 73 | - | 4,422 |
| WD-4 block | 2,690 | 1,368 | 85 | 88 | - | 4,231 |
| WD-8 block | 31 | 3,241 | 47 | 49 | - | 3,368 |
| New Dome block | 8 | 58 | 11 | 59 | 13 | 149 |
| South Palo Seco block | 75 | 486 | 492 | 166 | 173 | 1,392 |
| Exploration Properties | | | | | | |
| Ortoire block | 224 | 4,310 | 6,989 | 342 | - | 11,865 |
| East Brighton block | 231 | 2,187 | 337 | 352 | - | 3,107 |
| Total minimum payments | 5,428 | 13,805 | 7,986 | 1,129 | 186 | 28,534 |

Under the terms of its LOA and Farmout agreement concessions, the Company must fulfill minimum work obligations on an annual basis over the specific license term. In total, the Company is obligated to drill 12 wells and perform 18 heavy workovers prior to the end of 2021. As of March 31, 2017, nine workovers

have been completed with respect to these obligations. The Company failed to drill four wells that were required in 2016 (see paragraph 5.1 of Part I of this Appendix Document). The Company has various letters of credit totaling US\$299,000 related to its work commitments on its Petrotrin concessions.

The Company has provided a US\$3,313,000 letter of credit in favour of the MEEI related to its Ortoire License exploration commitments. The Company's March 31, 2017 estimated costs and timing of its future Ortoire exploration commitments, which includes acquiring and processing 85 kilometres of 2D seismic and the drilling of four vertical wells, were as follows:

Ortoire License Exploration Commitments

| (\$000's) | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|-------------------------------|------------|--------------|--------------|------------|----------|---------------|
| Lease payments | 224 | 313 | 328 | 342 | - | 1,207 |
| 2D seismic | - | - | 5,329 | - | - | 5,329 |
| Drilling commitments | - | 3,997 | 1,332 | - | - | 5,329 |
| Total minimum payments | 224 | 4,310 | 6,989 | 342 | - | 11,865 |

The Company currently has a US\$2,150,000 letter of credit relating to work commitments on its East Brighton offshore concession. The Company's March 31, 2017 estimated costs and timing of its future East Brighton License exploration commitments, which includes the drilling of one well to a total depth of 5,000 true vertical feet, were as follows:

East Brighton Exploration Commitments

| (\$000's) | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|-------------------------------|------------|--------------|------------|------------|----------|--------------|
| Lease payments | 231 | 322 | 337 | 352 | - | 1,242 |
| Drilling commitments | - | 1,865 | - | - | - | 1,865 |
| Total minimum payments | 231 | 2,187 | 337 | 352 | - | 3,107 |

7. Trinidad Fiscal Regime

7.1 Royalties

Touchstone incurs a crown royalty rate of 12.5% on gross production under MEEI and Petrotrin leases. For freehold or private leases, the Company incurs private royalties between 10% and 12.5% of gross revenue.

On the WD-8, Coora and WD-4 blocks, the Company operates under LOAs, which in addition to crown royalties, apply a sliding scale notional overriding royalty ("**NORR**") that ranges from 10% to 35% on predefined monthly base production levels. For any production volumes sold in excess of base production levels, the Company incurs an enhanced NORR ("**enhanced NORR**") of 8% to 22.5%. The NORR and enhanced NORR rates are indexed to the price of oil realized in the production month. The LOAs 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.

Production from the Coora, WD-4 and WD-8 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 Petrotrin associated with the management of the applicable lease operatorship properties.

In addition to crown royalties, the South Palo Seco and New Dome blocks are subject to Farmout Agreements that stipulate NORR rates ranging from 7% to 27% and enhanced NORR rates ranging from 4% to 17%. Similar to the LOA structure, the NORR and enhanced NORR rates are indexed to the price of oil realized in the production month. However, there are no incentives for drilling under the Farmout agreements.

During the year ended December 31, 2016, the Company recorded \$6,818,000 in royalty expenses, representing 28.4% of recorded petroleum revenues.

7.2 Income Taxes

Trinidad has a value-added tax rate of 12.5% on standard goods and services. Crude oil and natural gas are zero-rated goods.

The Company's two Trinidad exploration and production subsidiaries are subject to the following Trinidad petroleum taxes:

- Supplemental Petroleum Tax (“SPT”) 18% of gross oil revenue less royalties
- Petroleum Profits Tax (“PPT”) 50% of net taxable profits
- Unemployment Levy (“UL”) 5% of net taxable profits
- Green Fund Levy 0.3% of gross revenue

SPT is computed and remitted on a quarterly basis. Actual rates vary based on the realized selling prices of crude oil in the applicable quarter. The SPT rate is 0% when the weighted average realized price of oil for a given quarter is below US\$50.00 per barrel and 18% when weighted average realized oil prices fall between US\$50.00 and US\$90.00. The revenue base for the calculation of SPT is gross revenue less royalties, less 20% investment tax credits for allowable tangible and intangible capital expenditures incurred in the applicable fiscal quarter.

Annual PPT and UL taxes are calculated based on net taxable profits. Net taxable profits are determined by calculating gross revenue less royalties, SPT paid during the year, capital allowances, operating, administration and certain finance expenses. PPT losses may be carried forward indefinitely to reduce PPT in future years. UL losses cannot be carried forward to reduce future year UL. As of January 1, 2014, developmental capital expenditure allowances (tangible and intangible) are amortized 50% in year one, 30% in year two and 20% in year three. All exploration expenses and unsuccessful development costs can be written off in the year incurred.

The Company also has a Trinidad oilfield service subsidiary that is subject to the greater of a 25% corporation income tax calculated on net taxable profits or a 0.6% business levy calculated on gross revenue. The service company is also subject to the green fund levy noted above. All corporate tax losses can be carried forward indefinitely. Allowances vary from 10% to 33.3% for various capital expenditures.

In the future, the Company's exploration and production entities may be subject to a Petroleum Production Levy, which is calculated as 4% of income from crude oil for producers of more than 3,500 boe/d.

At December 31, 2016, the Company had an estimated \$27,663,000 and \$1,772,000 in Trinidadian PPT and corporate income tax losses respectively which may be carried forward indefinitely to reduce PPT and corporate income tax, respectively in future years.

During the year ended December 31, 2016, the Company incurred \$116,000 in Trinidad taxes. Touchstone was not subject to SPT as realized crude oil prices were below US\$50.00 per barrel throughout 2016. The Company was not liable to pay PPT or UL in 2016 due to the lower cash flows driven by decreases in realized oil prices and production.

8. Competent Person's Report

A technical report prepared in accordance with the 2011 Petroleum Resources Management System (as defined by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and the Society of Petroleum Evaluation Engineers), NI 51-101 and the "AIM Note for Mining and Oil & Gas Companies" as published in June 2009 by the London Stock Exchange that is effective December 31, 2016 (the "**Competent Person's Report**") prepared by GLJ is available on the Company's website and on SEDAR at www.sedar.com.

The Competent Person whose name and address is set out at page 10 of this Appendix Document, accepts responsibility for the information contained in the Competent Person's Report and has reviewed and approved the technical information contained in this Appendix Document. To the best of the knowledge and belief of the Competent Person (who has taken all reasonable care to ensure that such is the case) the information contained in the Competent Person's Report is in accordance with the facts, and does not omit anything likely to affect the import of such information.

Due to the methodology applied to calculate contingent and/or prospective resources under COGE Handbook guidelines and the NI 51-101 disclosure guidelines of Canada, those resources have not been estimated as part of this report. Beyond the evaluated reserves there may be the potential for contingent and/or prospective resources. As such, no statement on contingent and/or prospective resources for the Company's assets is being made as part of the Competent Person's Report. Value has only been attributed to the proved producing, total proved, total proved plus probable categories and the proved plus probable plus possible category.

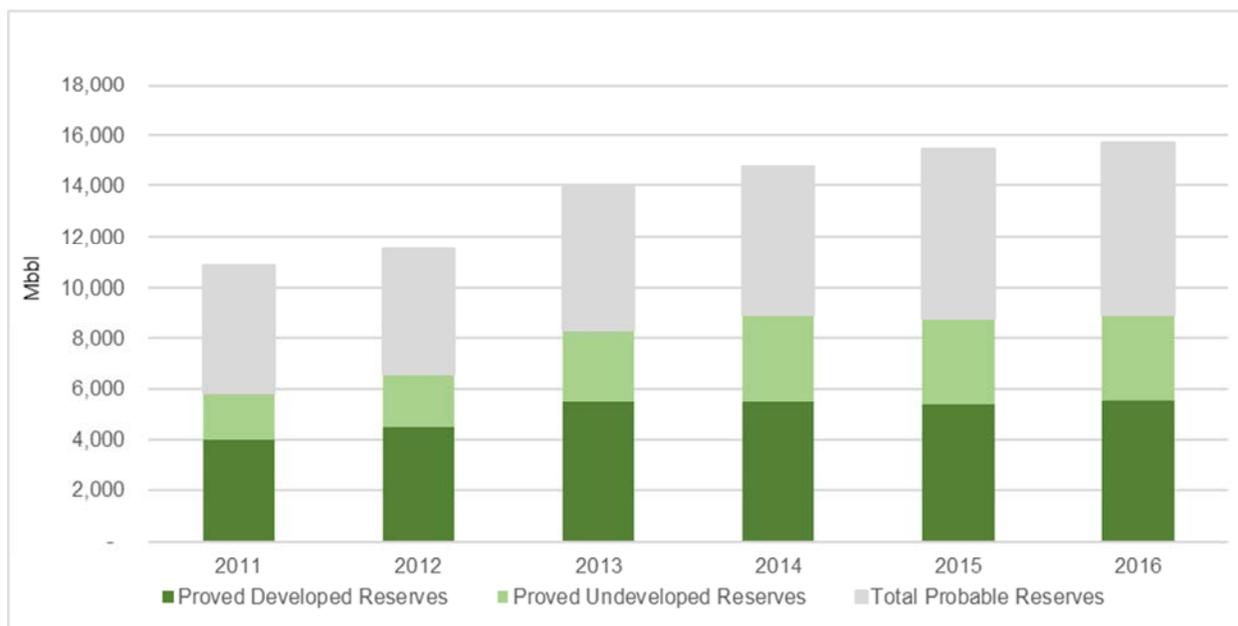
9. Reserves Data

The reserves estimates set forth below are extracted from the Competent Person's Report. The reserves estimates were prepared in accordance with definitions, standards and procedures contained in the COGE Handbook and NI 51-101.

The reserve estimates represent Touchstone's gross working interest reserves, which are the Company's interest before the deduction of royalties. Reserve estimates and related future net revenue are based on the Competent Person's forecast prices and costs effective January 1, 2017, as set forth in the Competent Person's Report. The recovery and reserve estimations of the Company's crude oil reserves provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided herein. Full disclosure with respect to the Company's reserves as at December 31, 2016 is included in the Company's Annual Information Form dated March 21, 2017. The reserves tables below provide a summary of the Company's Trinidad crude oil reserves at December 31, 2016. The Competent Person's Report identifies reserve life index of 15.1 years for proven reserves, 24 years for proved plus probable reserves, and 28.7 years for proved plus probable plus possible reserves.

Touchstone conservatively deployed exploration and development capital in 2016 recompleting a total of nine wells and stimulated two wells as part of an evaluation project but deployed no drilling capital. Despite the limited capital deployed the Company reported a fifth consecutive year of reserve additions in Trinidad replacing 149% of 2016 production and increasing proved and probable reserves by 1.5% to 15,698 Mbbls.

Trinidad Gross Reserves by Year⁽¹⁾⁽²⁾⁽³⁾



Notes:

1. Gross Reserves are the Company's working interest share of the remaining reserves before deduction of any royalties.
2. All reports were prepared by GLJ. Years 2011 through 2013 were prepared effective September 30 as applicable. Years 2014 through 2016 were prepared effective December 31 as applicable.
3. See "Advisory on Reserves Information" at page 97 of this Appendix Document.

December 31, 2016 Gross Crude Oil Reserves⁽¹⁾⁽⁽²⁾⁽³⁾⁽⁴⁾

| | Light and Medium Oil (Mbbl) | Heavy Oil (Mbbl) | Total Oil (Mbbl) |
|---|-----------------------------|------------------|------------------|
| Proved | | | |
| Proved producing | 3,955 | 651 | 4,606 |
| Proved non-producing | 735 | 213 | 948 |
| Proved undeveloped | 2,890 | 533 | 3,423 |
| Total Proved | 7,580 | 1,397 | 8,977 |
| Probable | 5,914 | 808 | 6,772 |
| Total Proved Plus Probable | 13,494 | 2,205 | 15,698 |
| Possible | 4,020 | 657 | 4,678 |
| Total Proved Plus Probable Plus Possible | 17,514 | 2,862 | 20,376 |

Notes:

1. Gross Reserves are the Company's working interest share of the remaining reserves before deduction of any royalties.
2. Amounts may not add due to rounding.
3. See "Summary or Reserves and Values" of the Competent Person's Report.
4. See "Advisory on Reserves Information" at page 97 of this Appendix Document.

Reconciliation of changes in Gross Reserves⁽¹⁾⁽²⁾⁽³⁾

| | Proved (Mbbbl) | Proved Plus Probable (Mbbbl) |
|---------------------------------------|----------------|------------------------------|
| December 31, 2015 | 8,815 | 15,465 |
| Extensions and improved recovery | 481 | 466 |
| Technical revisions | 190 | 276 |
| Economic factors | (33) | (33) |
| Production | (476) | (476) |
| December 31, 2016 | 8,977 | 15,698 |
| Reserves replacement ratio (%) | 134 | 149 |

Notes:

1. Gross Reserves are the Company's working interest share of the remaining reserves before deduction of any royalties.
2. Amounts may not add due to rounding.
3. See "Advisory on Reserves Information" at page 97 of this Appendix Document.

Net Present Values of Future Net Revenues After Tax as of December 31, 2016⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

| Reserves Category | Net Present Values of Future Net Revenue After Income Taxes Discounted at (% per year) | | | | |
|---|---|-----------------|------------------|------------------|------------------|
| | 0% (\$000's) | 5% (\$000's) | 10% (\$000's) | 15% (\$000's) | 20% (\$000's) |
| Proved | | | | | |
| Producing | 65,425 | 46,613 | 38,095 | 32,990 | 29,449 |
| Developed Nonproducing | 18,099 | 15,447 | 13,486 | 11,982 | 10,795 |
| Undeveloped | 39,408 | 28,407 | 21,088 | 15,985 | 12,302 |
| Total Proved | 122,931 | 90,466 | 72,668 | 60,958 | 52,547 |
| Total Probable | 114,765 | 77,910 | 58,072 | 45,426 | 36,686 |
| Total Proved Plus Probable | 237,696 | 168,376 | 130,740 | 106,383 | 89,233 |
| Total Possible | 88,192 | 53,646 | 38,333 | 29,727 | 24,200 |
| Total Proved Plus Probable Plus Possible | 325,888 | 222,022 | 169,073 | 136,110 | 113,433 |

Notes:

1. Income taxes include all resource income, appropriate income tax calculations, current Trinidad tax regulations and estimated December 31, 2016 tax pools and non-capital losses.
2. Amounts may not add due to rounding.
3. See "Summary of Reserves and Values" of the Competent Person's Report.
4. See "Advisory on Reserves Information" at page 97 of this Appendix Document.

10. Crude Oil Production

Crude Oil Production Volumes

| | Year ended December 31, | | % |
|---|-------------------------|---------|--------|
| | 2016 | 2015 | change |
| Trinidad | | | |
| Total oil production (bbls) | 476,057 | 583,929 | (18) |
| Average daily oil production (bbls/day) | 1,301 | 1,600 | (19) |
| Canada⁽¹⁾ | | | |
| Total oil production (bbls) | - | 57,007 | (100) |
| Average daily oil production (bbls/d) | - | 156 | (100) |
| Company total | | | |
| Total oil production (bbls) | 476,057 | 640,936 | (26) |

| | Year ended December 31, | | % |
|---|-------------------------|-------|--------|
| | 2016 | 2015 | change |
| Average daily oil production (bbls/day) | 1,301 | 1,756 | (26) |

Note:

1. Effective December 31, 2016, the Company disposed of its remaining Canadian segment producing oil and gas assets.

Crude Oil Production Volumes by Property

| (bbls) | Year ended December 31, | | % change |
|-----------------------------|-------------------------|----------------|-------------|
| | 2016 | 2015 | |
| Trinidad | | | |
| Coora 1 | 48,024 | 72,261 | (34) |
| Coora 2 | 29,153 | 42,970 | (32) |
| WD-4 | 181,254 | 205,243 | (12) |
| WD-8 | 98,834 | 125,590 | (21) |
| New Dome | 7,408 | 5,603 | 32 |
| South Palo Seco | 2,194 | 2,867 | (23) |
| Barrackpore | 16,729 | 24,627 | (32) |
| Fyzabad | 59,284 | 71,013 | (17) |
| Icacos | 4,343 | 4,579 | (5) |
| Palo Seco | 5,508 | 6,718 | (18) |
| San Francique | 23,326 | 22,458 | 4 |
| | 476,057 | 583,929 | (18) |
| Canada⁽¹⁾ | | | |
| Kerrobot | - | 53,967 | (100) |
| Luseland | - | 3,040 | (100) |
| | - | 57,007 | (100) |
| Company total | 476,057 | 640,936 | (26) |

Note:

1. Effective December 31, 2016, the Company disposed of its remaining Canadian segment producing oil and gas assets.

11. Term Loan

On November 23, 2016, the Company completed an arrangement for a \$15,000,000, five-year term loan from a Canadian investment fund. The Term Loan replaced the Company's former bank loan, which was discharged.

The Term Loan matures on November 23, 2021 with no mandatory repayment of principal required until January 1, 2019. The Company is required to repay \$810,000 per quarter commencing on January 1, 2019 through October 1, 2021, and the then outstanding principal balance is repayable on the maturity date. The Term Loan bears a fixed interest rate of 8% per annum, compounded and payable quarterly in arrears from January 1, 2017. In connection with the Term Loan, the Company has also granted the lender a 1% gross overriding royalty on petroleum sales from current Company land holdings in Trinidad, which is payable until October 31, 2021 regardless of any repayment or prepayment of the Term Loan.

Touchstone has the ability to prepay any principal portion of the Term Loan at any time after May 23, 2018 and if it does so will incur the following prepayment fees:

- from May 23, 2018 to November 23, 2018, a fee of 3% of the amount prepaid;
- from November 24, 2018 to November 23, 2019, a fee of 2% of the amount prepaid; and
- from November 24, 2019 to November 22, 2021, a fee of 1% of the amount prepaid.

The Term Loan and the Company's obligations in respect of the royalty are principally secured by fixed and floating security interests over all present and after acquired assets of the Company and its subsidiaries.

The Term Loan Agreement contains industry standard representations and warranties, positive and negative covenants and events of default. Among the positive covenants, the Term Loan Agreement contains the following financial covenants, which are tested on a quarterly basis:

- maintain a cash reserves balance of \$5 million, the balance which can be reduced to \$2.5 million if the Company's earnings before interest, taxes and non-cash items ("**EBITDA**") for any 12-month period ending at any time after the effective date exceeds \$8 million, or the Company raises a minimum of \$8 million in net proceeds from the issuance of equity securities;
- maintain a maximum net funded debt (defined as interest-bearing debt less cash reserves) to equity (defined as shareholders' equity less accumulated other comprehensive income (loss)) ratio of 0.50:1.00;
- maintain minimum EBITDA of:
 - \$625,000 for the fiscal quarter ending on December 31, 2016;
 - \$1,250,000 for the combined two fiscal quarters ending on March 31, 2017;
 - \$1,875,000 for the combined three fiscal quarters ending on June 30, 2017; and
 - \$2,500,000 for the combined four fiscal quarters ending on September 30, 2017; and
- maintain a maximum net funded debt to EBITDA ratio of 2.50:1.00 provided that testing of this financial covenant shall not commence until the fiscal quarter ending December 31, 2017.

The financial covenants and the Company's position as at and for the six months ended March 31, 2017 are set out in the table below:

March 31, 2017 Term Loan Covenant Results

| Covenant | Covenant threshold | Position at March 31, 2017 |
|---|--------------------|----------------------------|
| Cash balance (\$) | > 5,000,000 | 13,006,000 |
| Net funded debt to equity ratio | < 0.5 times | 0.1 times |
| EBITDA for the two fiscal quarters ending March 31, 2017 (\$) | > 1,250,000 | 2,100,000 |

Pursuant to the Term Loan Agreement, a failure to comply with any covenant constitutes an event of default, subject to the expiry of certain grace periods. Upon the occurrence and during the continuance of an event of default, the lender can declare the Term Loan and any accrued interest immediately due and payable. The Company routinely reviews the covenants in the Term Loan Agreement in light of actual and forecasted results and can make changes to development and exploration plans to comply with the covenants. The Company is committed to having an adaptable capital expenditure program that can be adjusted to a tightening of liquidity sources if necessary.

The royalty obligation is governed by a separate Production Payment Agreement between the parties. The royalty is defined as 1% of the sale proceeds, which are defined as the gross proceeds from the sale of the aggregate gross production attributable to the Company's participating interest in all current Trinidad blocks. The royalty payment is calculated quarterly and payable 35 days subsequent to the end of each fiscal quarter. Touchstone has the option, concurrent with repayment of the Term Loan in full, to

buy out the Royalty. Any buy out of the Royalty must be negotiated by both parties and calculated by the Company as prepared by reference to internal forecasts discounted at 8% per annum.

12. Strategy

Touchstone's long-term strategy is to leverage the Board's enhanced oil recovery experience and capability to develop international onshore properties to create shareholder value. Throughout 2016 the Board executed on this strategy deploying exploration and development capital with financial discipline, focused on operations directly related to maintaining production from the Company's core Trinidad developmental properties. Touchstone's strategy is to spend 10% of its capital budget on exploration. The Board believes there are compelling economics behind focusing capital expenditures on the development of the Company's existing production assets.

12.1 Economics per Competent Person's Report

In 2016, Touchstone achieved low finding and development costs of \$7.35 per barrel for proven reserves and \$6.00 for proved plus probable reserves. There are currently 208 potential drilling locations internally identified and only 37.5% of potential drilling locations have been booked in the Competent Person's Report (including proved and probable locations). Touchstone has 122 booked recompletions for proved and probable reserves from 2017 to 2020, of which, 32 are located in the WD-4 block, 32 in the WD-8 block, 36 in the Coora block and 22 in the Fyzabad block. Additionally, Touchstone has booked 78 new wells for proved and probable reserves, of which, 13 are located in the WD-4 block, 21 in the WD-8 block, 12 in the Fyzabad block, 12 in the Coora block and the remaining 21 are located in minor Company properties.

Economics of Well Recompletions per Competent Person's Report⁽¹⁾

| | For proved reserves | For proved plus probable reserves |
|---|---------------------|-----------------------------------|
| Capital invested (\$) | 3,520,000 | 6,710,000 |
| Number of wells recompleted | 64 | 122 |
| Associated reserves (bbls) | 840,000 | 2,230,000 |
| Net present value of future revenues discounted at 10% (\$) | 30,300,000 | 77,965,000 |
| Reserve additions per recompletion (bbls) | 13,125 | 18,279 |
| Finding and development costs per recompletion (\$/bbl) | 4.19 | 3.01 |

Note:

1. See "Advisory on Reserves Information" at page 97 of this Appendix Document.

Economics of New Wells per Competent Person's Report⁽¹⁾

| | For proved reserves | For proved plus probable reserves |
|---|---------------------|-----------------------------------|
| Capital invested (\$) | 43,127,000 | 62,612,000 |
| Number of wells drilled | 52 | 78 |
| Associated reserves (bbls) | 3,423,000 | 7,191,000 |
| Net present value of future revenues discounted at 10% (\$) | 62,142,000 | 154,603,000 |
| Reserve additions per new drill (bbls) | 65,827 | 90,603 |
| Finding and development costs per new drill (\$/bbl) | 12.60 | 8.86 |

Note:

1. See "Advisory on Reserves Information" at page 97 of this Appendix Document.

12.2 Company Goals

The Board's focus is on a successful execution of recompletions and drilling to drive an expansion in production. The Board intends to pursue this goal through an active drilling and recompletion programme utilising the proceeds of the Placing, details of which are set out in paragraph 14 below.

12.3 Current Work Program Prior to Receipt of Placing Proceeds

In March 2017, Touchstone announced the commencement of its 2017 capital program. The program will initially comprise the recompletion of 24 wells and the drilling of four wells. The 24 recompletions will target zones in existing wells that are located on various properties held by the Company. The initial targets will be in the Coora, WD-4 and WD-8 blocks with up to three recompletions targeted for later in the year on the Company's Ortoire exploration block. The drilling program incorporates development wells planned to be drilled on the Coora and WD-4 blocks.

13. Summary of Current Financial Information, Current Trading and Prospects for the Company

A summary of the Company's consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 is set out in Part III of this Appendix Document.

14. Details on the Placing, Admission and Use of Proceeds

14.1 Details on the Placing

The Company is proposing to raise £1,450,000 (\$2,552,000) (before expenses) by the issue of 20,000,000 Placing Shares at the Placing Price. The Placing Shares will represent approximately 19.4% of the Enlarged Share Capital. The Placing Shares will rank *pari passu* in all respects with the existing Common Shares including the rights to all dividends and other distributions declared, made or paid and following Admission will be issued credited as fully paid. The Placing has not been underwritten.

The Placing and Admission is conditional, inter alia, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission;
- Admission occurring by no later than June 26, 2017 (or such later date as Shore Capital, GMP FirstEnergy and the Company may agree, being no later than July 31, 2017).

Further details of the Placing Agreement are set out at page 81 of this Appendix Document.

Application has been made to the London Stock Exchange for the Existing Common Shares and Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence on June 26, 2017.

The estimated costs and expenses relating to the Placing payable by the Company are approximately \$1,500,000 (excluding VAT). The total net proceeds of the Placing, after settling fees and expenses, are expected to be approximately \$1,000,000.

14.2 Reasons for Admission and use of proceeds

The Directors' reasons for seeking Admission are as follows:

- to enhance liquidity for the Company's shareholders and provide more direct access to the London capital markets;

- to enable the Company to access a wider range of potential investors and broaden its investor base;
- to improve the Company's ability to access further funding from international capital markets and to finance the future growth of the business consistent with its current strategy; and
- to enhance the Company's reputation and financial standing within Trinidad.

The gross proceeds of the Placing are expected to be approximately £1,450,000 (\$2,552,000) which, together with existing cash balances, are expected to be used in drilling and development operations in 2017, for settlement of fees relating to Admission and for general working capital purposes.

Pursuant to the rules of the TSX, the Company is required to seek conditional acceptance from the TSX for the Placing and it will provide notification to the TSX of its intention to apply for its Enlarged Share Capital to be admitted to trading on the AIM.

15. Information on the Directors, Advisory Board and Senior Management

The Directors of the Company on Admission will comprise John D. Wright, Paul R. Baay, Kenneth R. McKinnon, Thomas E. Valentine, and Dr. Harrie Vredenburg. The Company is actively seeking one Canadian based Independent Non-executive Director and one UK based Independent Non-executive Director to be appointed to the Board subsequent to Admission.

15.1 Directors

John David Wright (aged 56) – Non-Executive Chairman

Mr. John D. Wright has been a Director, President and Chief Executive Officer of Ridgeback Resources Inc. since January 2017 and is currently Chairman of the Board of Touchstone Exploration (formerly Petrobank Energy and Resources Ltd.) and Chairman of the Board of Alvopetro Energy Ltd. Previously, Mr. Wright was a Director, President and Chief Executive Officer of Lightstream Resources Ltd. (formerly PetroBakken Energy Ltd.) since 2012 and Petrobank Energy and Resources Ltd. since 2000. From June 2006 to December 2010 Mr. Wright was a Director, President and Chief Executive Officer of Petrominerales Ltd. and then Chairman of the Board from December 2010 until December 2013. Mr. Wright is a past Chairman of the World Petroleum Council-Canada, past Governor of CAPP and founder of Fundación Ñan Paz in Ecuador and of Fundación Vichituni in Colombia. Mr. Wright holds a B.Sc. in Petroleum Engineering from the University of Alberta (1981) and a Charter Financial Analyst (CFA) designation (1988).

Paul Raymond Baay (aged 54) – President and Chief Executive Officer

Mr. Baay has over 25 years of experience leading oil and gas exploration and production companies. Mr. Baay has been a Director, President and Chief Executive Officer and Chief Executive Officer of Touchstone since May 2014. Mr. Baay was formerly the Chairman of the Board of Directors and Chief Executive Officer of Touchstone Energy Inc. from July 2010 to May 2014. Prior thereto, Mr. Baay was Managing Director of Abacus Energy, part of Abacus Private Equity from 2007 through 2010 and was a senior officer of True Energy Inc. from 2000 through 2007. From 1998 to 2000 Mr. Baay was the Chairman of the Board of Directors of Request Seismic Surveys Ltd. and served as a Director, President and Chief Executive Officer of Remington Energy Ltd. from 1991 to 1999. Mr. Baay holds an ICD.D designation as a certified corporate director.

Kenneth Richard McKinnon (aged 58) – Independent Non-Executive Director

Mr. McKinnon is a Partner at Citrus Capital Partners Ltd. (consulting firm) since January 2014. Mr. McKinnon has been a Director of Touchstone Exploration Inc. (formerly Petrobank Energy and Resources

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

Thomas Edward Valentine (aged 55) – Independent Non-Executive Director

Mr. Valentine is currently a Senior Partner of Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group. Mr. Valentine has 30 years of experience in the oil and gas industry, both as a barrister and as a solicitor. His focus is on international energy projects, with a particular emphasis on upstream and midstream operations. Mr. Valentine is a member of the Law Society of Alberta and the Association of International Petroleum Negotiators. He also serves on the Board for NXT Energy Solutions Inc.

Dr. Harrie Vredenburg (aged 64) – Independent Non-Executive Director

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

15.2 Senior Management

Scott Budau, CPA, CA - Chief Financial Officer

Mr. Budau has been the Chief Financial Officer of Touchstone since May 2014. Mr. Budau was the former Chief Financial Officer of Touchstone Energy Inc. from October 2012 to May 2014 and the Manager of Financial reporting of Touchstone Energy Inc. from December 2011 to September 2012. Mr. Budau is a professional chartered accountant with over 15 years of experience in accounting, finance and taxation. Prior to joining Touchstone Energy Ltd., Mr. Budau was a Corporate Accountant at Cathedral Energy Services Ltd. from 2009 to 2011 and the Controller at Rare Method Interactive Inc. in 2008.

James Shipka – Chief Operating Officer

Mr. Shipka has been the Chief Operating Officer of Touchstone since August 2014. Mr. Shipka was formerly the Vice President, Geoscience and Business Development of Touchstone Energy Inc. from May 2011 to May 2014 and held the same position with Touchstone from May 2014 to August 2014. Mr. Shipka is a geologist with 25 years of energy industry experience in exploration and development geology and business. From 2007 through May 2011, Mr. Shipka was Asset Team Manager at Daylight Energy Ltd. where he coordinated a 25,500 boe/d business unit in West Central Alberta, Canada and focused on development of mature conventional and unconventional resource-play type assets through the application of emerging drilling and completion technologies as well as enhanced oil recovery strategies.

16. Corporate Governance

Touchstone is currently listed on the TSX and has, at all times since listing, and continues to be, committed to the highest levels of corporate governance. The Board is responsible for governance of Touchstone. The Board and Touchstone's management consider good corporate governance to be central to the effective and efficient operation of Touchstone.

The Company is subject, among other laws and regulations, to instruments published by relevant Canadian securities regulators. One such instrument, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI-58-101**"), prescribes certain disclosure by the Company of its corporate governance practices and National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**"), provides non-prescriptive guidelines on corporate governance practices for the Company. This paragraph sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101 and NP 58-201.

As a result of its listing on the TSX and being a reporting issuer in the provinces, the Company has already established corporate governance practices and procedures, and complies with Canadian corporate governance standards appropriate for it as a publicly listed company.

With effect from Admission, the Board shall adopt a revised Disclosure, Confidentiality and Trading Policy to which all Directors, officers and employees will be subject. The existing Disclosure, Confidentiality and Trading Policy is described in paragraph 16.6 below. The revisions to this policy shall be designed to ensure that it contains appropriate provisions for a company whose shares are admitted to trading on AIM.

16.1 Board of Directors

The Board facilitates its exercise of independent supervision over management by ensuring that the Board includes independent directors. Upon Admission the Board, will be composed of five (5) directors, four (4) of whom will be considered to be independent.

To provide leadership for its independent directors, the Board ensures that the independent directors have access to the management of Touchstone. Further, at Touchstone's expense, the Board or any committee of the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board or any committee of the Board independently on any matter. The Board and any committee of the Board have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

The Board is specifically responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval are also required for all material contracts, business transactions and all debt and equity financing proposals. The Board delegates to management, through the offices of the President and Chief Executive Officer, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on Touchstone's business in the ordinary course, managing Touchstone's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations relating to corporate objectives, long-term strategic plans and annual operating plans.

16.2 Mandate of the Board

The Board and each of its standing committees have written mandates. The Board has the responsibility to oversee the conduct of the business of Touchstone and has delegated the responsibility for the day-to-day conduct of the business to the Chief Executive Officer and other members of management, subject to compliance with plans and objectives that may be approved from time to time by the Board.

16.3 Board Meetings

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

16.4 Committees of the Board

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

Audit Committee

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

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

The members of the Audit Committee on Admission will be Kenneth R. McKinnon (Chairman), John D. Wright and Dr. Harrie Vredenburg. The members of the Audit Committee are financially literate and independent, in accordance with National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”).

Compensation Committee

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

The Compensation Committee’s mandate includes reviewing and determining or making recommendations to the Board in respect of compensation matters relating to the executive officers, employees and directors. The Compensation Committee is currently comprised of Kenneth R. McKinnon (Chairman), Dr. Harrie Vredenburg and John D. Wright. Upon Admission all of the members of the Compensation Committee will be “independent” in accordance with NI 52-110.

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

Reserves Committee

The primary function of the Reserves Committee is to assist the Board in the selection, engagement and instruction of an independent reserves evaluator for Touchstone, ensuring there is a process in place to provide all relevant reserves data to the independent reserves evaluator and monitoring the preparation of the independent reserves evaluation of Touchstone. The Reserves Committee on Admission will be comprised of John D. Wright (Chairman) and Dr. Harrie Vredenburg.

16.5 Orientation and Continuing Education

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

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

16.6 Ethical Business Conduct

Touchstone has in place a written Vision and Values statement, which outlines Touchstone's commitment to safety, shareholder value, its employees, the environment and integrity. Management of Touchstone and the Board are of the view that the Vision and Values statement encourages and promotes a culture of ethical business conduct within Touchstone. A copy of the Vision and Values statement can be obtained free of charge by writing to the Chief Financial Officer of Touchstone.

The Board has adopted an extensive Disclosure, Confidentiality and Trading Policy to which all directors, officers and employees are subject. This policy encourages ethical conduct in that it reflects the importance of confidentiality in respect of Touchstone's activities and restricts trading in the securities of Touchstone at times when individuals may be in possession of material non-public information. As described in paragraph 16 above, an updated policy will be adopted with effect from Admission.

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

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

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

16.7 Nomination of Directors

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

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

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

16.8 Senior Management Appointments

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

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

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

17. Stock Option Plan

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

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

As at the date of the document, Touchstone has 6,660,840 stock options outstanding and 127,500 incentive share options outstanding, representing 8.2% of the Existing Common Shares.

Further details of the Stock Option Plan are set out in paragraph 8 of part IV of this Appendix Document.

18. Dividend Policy

Touchstone has not declared or paid any dividends on its outstanding Common Shares. The Company may declare dividends in the future if the Company has sufficient capital 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, the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and other conditions existing at such future time.

19. Annual and Special Meeting of Shareholders

Investors should note that the Company has convened an Annual and Special Meeting of Shareholders to be held on June 19, 2017 located at First Canadian Centre, Chambers Room Floor B1, 350 - 7th Avenue S.W., Calgary, Alberta, Canada at 10:00 a.m. (Calgary time). The notice convening the Annual and Special Meeting of Shareholders and related Management's Information Circular can be obtained from the Company's SEDAR profile (www.sedar.com).

The Board intends to pass a resolution to amend the Company's by-laws to ensure that the Company can comply, as far as possible, with Rule 17 of the AIM Rules for Companies on disclosure of shareholders' holdings. The proposed amendment will require that all shareholders holding (directly or indirectly), 3% or more of the issued and outstanding Common Shares must notify the Company without delay of any changes to their holding which increase or decrease such holding through any single percentage. Further details on the proposed amendment to the Company's by-laws is set out in paragraph 5.3 of part IV of this Appendix Document.

20. Takeover Regulations

The Company is not resident in the UK, Channel Islands or the Isle of Man and is therefore not subject to the City Code. However, Canadian laws applicable to the Company provide for early warning disclosure requirements and for takeover bid rules for bids made to security holders in various jurisdictions in Canada, a summary of which is set out below.

In Canada, takeover bids are governed by applicable corporate and securities legislation in each province or territory in addition to policy and instruments implemented by Canadian Securities Administrators, which is an umbrella organisation of Canada's provincial and territorial securities regulators. Under Canadian securities laws, when any person (an "offeror") acquires, except pursuant to a formal take-over bid, beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer that, together with such offeror's securities of that class, would constitute 10% or more of the outstanding securities of that class, the offeror must immediately issue and file a press release announcing the acquisition and file a report of such acquisition with the applicable securities regulatory authorities within two business days of the acquisition.

Once an offeror has filed such a report, the offeror is required to issue further press releases and file further reports (again, within two business days) each time that the offeror, or any person acting jointly or in concert with the offeror, acquires beneficial ownership of, or the power to exercise control or direction

over, or securities convertible into, an increase or decrease of 2% or more of the outstanding securities of the applicable class, decreases to less than 10% or if there is a change in any other material fact,] such as the consideration paid for the purpose of the transaction, set out in previous reports. A determination of whether any parties are acting “jointly or in concert” is a question of fact that is deemed to exist in certain circumstances such as when one party is dealing with an affiliate, or where there is an agreement, commitment or understanding with the other party. Certain institutional investors, such as investment managers acting on behalf of investors on a fully discretionary basis, financial institutions, pension funds and private mutual funds, may elect an alternative monthly reporting system whereby they report changes, on a monthly as opposed to a two (2) business day basis, of at least 2.5% from the last reported position or that the position has decreased below 10%.

In Alberta, Ontario, British Columbia and other Canadian jurisdictions, a take-over bid is generally defined as an offer to acquire outstanding voting or equity securities of a class made to any holder in the jurisdiction of securities subject to the offer to acquire, if the securities subject to the offer to acquire, together with securities held by the offeror and any person acting jointly or in concert with the offeror, constitute in aggregate 20%, or more of the outstanding securities of that class of securities at the date of the offer to acquire. Subject to limited exemptions, a takeover bid must generally be made to all holders of securities of the class that is subject to the bid who are in the jurisdiction and must allow such security holders 105 days to accept the bid unless the board of the target company otherwise agree that a shorter timeframe shall apply. Unless exemptions are available, the offeror must deliver to the security holders a takeover bid circular which describes the terms of the take-over bid and the directors of the reporting issuer must deliver a directors’ circular not later than 15 days after the date of the bid, either making or declining to make a recommendation to security holders to accept or reject the bid and the reasons for their making or not making a recommendation.

21. Depositary Interests, settlement, dealings and CREST

The Common Shares are listed and traded on the TSX. Application has been made to the London Stock Exchange for the Company’s entire issued and to be issued share capital to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Common Shares (through Depositary Interests in the case of uncertificated dealings) on AIM will commence on June 26, 2017.

CREST is a computerized paperless share transfer and settlement system which allows securities to be transferred by electronic means, without the need for a written instrument of transfer. Securities issued by non-UK companies cannot be held or traded in the CREST system. To enable investors to settle such securities through the CREST system, a depositary or custodian can hold the relevant foreign securities and issue dematerialized depositary interests representing the underlying securities.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in Common Shares of the Company within CREST pursuant to a depositary interest arrangement established by the Company with the Depositary. CREST is a voluntary system and holders of Common Shares who wish to remain outside CREST may do so and will have their details recorded on the Company’s share register in accordance with applicable laws.

The Depositary will issue Depositary Interests in respect of the underlying Common Shares pursuant to the terms of the Depositary Deed. Under the terms of the Depositary Deed, the Depositary will hold as bare trustee all of the rights pertaining to the relevant underlying securities for the benefit of, and on behalf of, the DI holder. Any rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at meetings shall be passed to the DI holder by the Depositary, to the extent possible. Under the Depositary Deed, a DI holder can cancel or transfer its Depositary Interests by giving instructions to the Depositary.

The Depositary Interests will be independent securities constituted under English law and will be held on a register maintained by the Depositary. Depositary Interests will have the same ISIN as the underlying Common Shares and do not require a separate admission to AIM.

Each Depositary Interest will be treated as one Common Share for the purposes of, for example, determining eligibility for dividend payments. Any payments received by the Depositary, as holder of the Common Shares, will be passed on to each DI holder noted on the Depositary Interest register as the beneficial owner of the relevant Common Shares. All Common Shares will remain listed on the TSX. Shareholders wishing to migrate their holdings of Common Shares between the TSX and AIM and vice versa can do so by contacting the Depositary, save for certain restrictions during the four months and one day from the date the shares are issued as set out below.

Application has been made by the Depositary for Depositary Interests, which represent the underlying Common Shares, to be admitted to CREST on Admission.

The issuance of the Placing Shares will be completed in reliance upon exemptions from the prospectus requirements of the securities legislation of the Province of Alberta. Accordingly, certificates representing the Placing Shares will include legends in accordance with applicable Canadian securities laws and regulatory policies, in addition to the TSX Rules, which shall state that unless permitted under securities legislation, the holder of such securities shall not trade them until the date that is four months and one day after the date the shares are issued (the “**Initial Restricted Period**”). In addition, a restriction on the Company’s Common Shares issued and traded outside of Canada, such that such shares cannot be transferred through CREST to the Company’s Canadian share register for a period of four months and one day from the date the share are issued. For the avoidance of doubt, any Common Shares transferred to the Company’s certificated share register during this period will be subject to these restrictions. On conclusion of the Initial Restricted Period the Common Shares and Placing Shares will merge into one line of stock under the ISIN of the Existing Common Shares being CA89156L1085.

22. Taxation

The attention of investors is drawn to certain information regarding UK and Canadian taxation insofar as it may be applicable to UK tax residents, set out in paragraph 17 and 18 of Part IV of this Appendix Document.

All information in this Appendix Document in relation to taxation is intended only as a general guide to the current tax position for UK resident investors as at the date of this Appendix Document and is not intended to constitute personal tax advice for any person. Prospective investors are strongly advised to consult their own independent professional tax advisers regarding the tax consequences of purchasing and owning Common Shares. No information is being provided as to any taxation matters outside the UK or Canada.

23. Further information

Your attention is also drawn to further information about Company set out elsewhere in this Appendix Document including:

- Part II of this Appendix Document, relating to risk factors;
- Part III of this Appendix Document, containing summary Company consolidated financial information; and
- Part IV of this Appendix Document, summarising certain statutory and general information on the Company.

PART II RISK FACTORS

An investment in the Common Shares may not be suitable for all investors and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under FSMA who specialises in advising on investments of the kind described in this Appendix Document if they are resident in the UK, or, if they are not resident in the UK, from an appropriately authorised independent adviser. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

The exploration for and development of natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the Common Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

The Company's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Common Shares may decline and investors may lose all or part of their investment.

In addition to the other relevant information set out in this Appendix Document, the Directors consider that the following risk factors, which are not set out in any particular order of priority, magnitude or probability, are of particular relevance to the Company's activities and to any investment in the Company. It should be noted that additional risks and uncertainties not presently known to the Directors or which they currently believe to be immaterial may also have an adverse effect on the Company's operating results, financial condition and prospects. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and should be taken into consideration when assessing the Company and whether to participate in the Placing.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this Appendix Document. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

Trinidad

Touchstone's indirect Trinidadian entities have various working interests with various parties in numerous properties. 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. Therefore, Touchstone is subject to additional risks associated with international operations in Trinidad.

Foreign location of assets

Most of Touchstone's assets are located in Trinidad (whose laws 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.

Substantial capital requirements and credit facilities

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 and may require additional financing to do so. 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 ability of Touchstone to arrange financing in the future will depend in part upon the prevailing capital market conditions, risk associated with the international operations, as well as the business performance of the Company. Fluctuations in commodity prices may affect lending policies for potential future lenders. This in turn could limit growth prospects in the short-term or may even require Touchstone to dedicate existing cash balances or cash flows, dispose of properties or raise new equity to continue operations under circumstances of declining energy prices, disappointing drilling results, or economic or political dislocation in foreign countries.

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. This may be further complicated by the limited market liquidity for shares of smaller companies, restricting access to some institutional investors. If additional financing is raised by the issuance of shares from treasury of Touchstone, control of the Company may change and shareholders may suffer additional dilution. 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.

Term loan indebtedness and observance of certain restrictive covenants under the terms of indebtedness

The Company's Term Loan Agreement may impose operating and financial restrictions on the Company that could include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Company's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, acquiring of further assets, entering into amalgamations, mergers, take-over bids or disposition of assets, among others. 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. Events beyond the Company's control may contribute to the failure of the Company to comply with such covenants.

Pursuant to the terms of the Term Loan Agreement, the lender has been provided with security over all of the current and future assets of the Company. A failure to comply with the obligations set out in the Term Loan 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 Term Loan 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 Term Loan 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. No assurance can be given that the Company will be able to repay the Term Loan.

Issuance of debt

From time to time, the Company may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Company may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Company's articles nor its bylaws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Access to capital and additional funding

Depending on future exploration, development, acquisition and divestiture plans, the Company may require additional financing. The ability of the Company to arrange any such financing in the future will depend in part upon the prevailing capital market conditions, risk associated with the international operations, as well as the business performance of the Company. Periodic fluctuations in commodity prices may affect lending policies for potential future lenders. This in turn could limit growth prospects in the short run or may even require the Company to dedicate existing cash balances or cash flow, dispose of properties or raise new equity to continue operations under circumstances of declining energy prices, disappointing drilling results, or economic or political dislocation in foreign countries. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. Due to the conditions in the oil and gas industry and/or global economic volatility, the Company may from time to time have restricted access to capital and increased borrowing costs. The current conditions in the oil and gas industry have negatively impacted the ability of international oil and gas companies to access additional financing. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change, and shareholders may suffer additional dilution.

Continued depressed oil and natural gas prices have caused decreases, and may cause further decreases, in the Company's revenues from its reserves, which may affect the Company's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Company's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Company's petroleum properties may require additional financing, and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing shareholders. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay in development or production on the Company's properties.

The Trinidad exploration and production agreements

The current exploration and production licenses, lease operatorship agreements, joint operating agreements and/or Farmout Agreements with respect to Touchstone's properties contain significant obligations 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 MEEI, or the other parties thereto, as applicable. The current forms of lease operating agreements and Farmout 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.

In 2016 the Company did not meet the annual minimum production levels and the minimum work obligations specified in the Coora 1, Coora 2 and WD-8 LOAs or the minimum work obligations specified in the WD-4 LOA. Although the LOAs provide that the minimum production levels are to be achieved on a best endeavors basis, the LOAs also describe the failure to achieve the minimum production levels or the failure to complete the work obligations as potentially constituting a material breach of the LOAs. As a result of this inconsistency, the Company sought legal advice regarding the effect of not meeting the production levels and not completing the work obligations.

On March 20, 2017, the Company received additional correspondence from Petrotrin requesting that, prior to April 20, 2017, the Company provide a proposal regarding the completion of the work obligations for both calendar years 2016 and 2017. Petrotrin did not take the position that there was any breach of the LOAs. It is not anticipated that a default notice will be issued; however, in any event, the Company is only required to begin to rectify the breach within seven days from the date of receipt of such notice. The Company began that process in February 2017 and formally provided a response to Petrotrin on April 3, 2017 which set out the Company's proposed work obligations. Petrotrin responded to this letter on May 17, 2017 seeking additional clarification.

The Company has been advised by its legal counsel that the risk to the Company's operations under the LOAs is extremely remote. As such, no adjustments were made to the Company's December 31, 2016 consolidated financial statements or the Competent Person's Report. No assurance can be given that, if future breaches of these obligations occur, they will not result in a material adverse impact to the Company's cash flows. As at March 31, 2017, the Company was in compliance with all other obligations under the LOAs.

Title issues

Touchstone holds its interests in Trinidad through government licenses, private leases and LOA and Farmout 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 and two government licenses 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 has 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.

The assignment of working interests under the exploration and production contracts in the jurisdictions in which the Company operates is a detailed and time-consuming process. The Company's properties may be subject to unforeseen title claims. The Company will diligently investigate title to all property and will follow usual industry practice in obtaining satisfactory title opinions. Title to the properties may be affected by undisclosed and undetected defects. The Company does not warrant title to the oil properties.

The Company's Fyzabad and Palo Seco agreements with the MEEI contain no major obligations but expired on 19 August 2013. The Company is currently negotiating license renewals and has permission from the MEEI to operate in the interim period. Based on legal opinions received, the Company is continuing to recognize revenue on the producing blocks as the Company is the operator. No title to the revenue has been disputed and the Company is paying all associated royalties and taxes. The Company

has no indication that the two licenses will not be renewed. During the year ended December 31, 2016, the production volumes produced under expired MEEI production licenses represented 5.4% of total Trinidad segment production (2015 – 5.9%).

Touchstone is operating under a number of Trinidad freehold lease agreements which have expired and are currently being renegotiated. Based on legal opinions received, the Company is continuing to recognize revenue on the producing blocks as the Company is the operator. No title to the revenue has been disputed and the Company is paying all associated royalties and taxes. The Company currently has no indication that any of the producing expired leases will not be renewed. During the year ended December 31, 2016, the production volumes produced under expired Trinidad freehold lease agreements represented 2.8% of total Trinidad segment production (2015 – 2.2%).

In addition, the decision to proceed to further exploitation may require the participation of other companies whose interest and objectives may not be the same as those of the Company. Such further work may also require the Company to meet, or commit to, financing obligations, which it may not have anticipated or may not be able to commit to, due to lack of funds, or inability to raise funds. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development, could result in loss, reduction or expropriation of entitlements.

Relinquishment obligations

The Company is subject to relinquishment obligations under its title documents which obliges the Company to relinquish certain proportions of its licence areas and thereby reduce the Company's acreage. Additionally, the Company may be unable to drill all of its prospects or satisfy its minimum work commitments prior to relinquishment and may be unable to meet its obligations under the title documents. Failure to meet such obligations could result in licences being suspended, revoked or terminated which could have a material adverse effect on the business.

Foreign economic and political risk

The Company's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of Touchstone, including, but not limited to: nationalization, expropriation of property without fair compensation or marketable compensation, or renegotiation or nullification of existing concessions and contracts; the imposition of specific drilling obligations and the development and abandonment of fields; changes in energy and environmental policies or the personnel administering them; changes in oil and natural gas pricing policies; the actions of national labour unions; currency fluctuations and devaluations; currency exchange controls; economic sanctions; and royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which Touchstone's operations will be conducted, as well as risks of loss due to civil strife, acts of war, terrorism, guerrilla activities and insurrections. The Company's operations may also be adversely affected by laws and policies of Trinidad affecting foreign trade, taxation and investment. If the Company's operations are disrupted and/or the economic integrity of its projects is threatened for unexpected reasons, its business may be harmed. Prolonged problems may threaten the commercial viability of its operations.

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. In addition, there can be no assurance that contracts, licenses, license applications or other legal arrangements will not be adversely affected by changes in governments in foreign jurisdictions, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

In the event of a dispute arising in connection with Touchstone's operations in Trinidad, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgements in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, Touchstone's exploration, development and production activities in Trinidad could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect.

Acquiring interests and conducting exploration and development operations in foreign jurisdictions often require compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. 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 is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

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.

Although political conditions in Trinidad are generally stable, changes may occur in its political, fiscal and legal systems, which might affect the ownership or operation of the Company's interests including, *inter alia*, changes in exchange rates, exchange control regulations, expropriation of oil and gas rights, changes in government and in legislative, fiscal and regulatory regimes.

The Company's strategy has been formulated in the light of the current political and regulatory environment and likely future changes. The political and regulatory environment may change in the future and such changes may have a material adverse effect on the Company.

Labour relations

The Company operates in Trinidad that has 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.

The Company believes that all of the Company's operations have, in general, good relations with their employees and contractors. However, employment is an area which has the capacity to give rise to significant legal risk, particularly because of the significant degree of legislation and other regulation. Touchstone also employs a number of third party contractors. Industrial action affecting Touchstone projects may result in project delays or an increase in costs. Industrial action or threatened industrial action from Touchstone's employees or contractors may have a material adverse impact on the development of Touchstone's projects and the financial position and prospects of the Company.

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, Farmout 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, Farmout 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.

Permits, licenses and leases

Significant parts of the Company's operations require permits, licenses and leases from various governmental authorities and landowners in 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 adverse negative effect of the Company's operations.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and harm the trading price of the Common Shares.

Income taxes

The Company and its subsidiaries file all required income tax returns, and the Company believes that it is in compliance with applicable Canadian, Trinidad and Tobago, and Barbadian tax laws, in all material respects; 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.

Any change to the tax rates in Trinidad or other jurisdictions where the Company may initiate operations that may have a material adverse effect on the ability of Touchstone to commercially produce and sell oil from the areas comprised in those applications.

Furthermore, any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to shareholders or alter post tax returns to shareholders. Commentaries in this Appendix Document concerning the taxation of investors in Common Shares are based on current tax law and practice, as it applies to UK tax resident investors, which is subject to change. The taxation of an investment in the Company depends on the individual circumstances and the tax residence status of investors.

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 related to the acquired subsidiary specified that upon confirmation from the BIR, the acquired subsidiary 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, and the seller indemnified the acquired subsidiary with respect to the interest amounts. Subsequent to the acquisition date, the acquired subsidiary was responsible for interest on the principal balance until repaid. On October 9, 2012, the BIR accepted the acquired subsidiary’s proposed settlement of the outstanding principal balances upon which the last payment was made in February 2013.

The acquired subsidiary has subsequently received BIR tax statements showing principal amounts and 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. The Company 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 income tax payments nor any payments for the seller’s portion of any interest. While the seller has subsequently acknowledged the liabilities, and 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.

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. Therefore, and as above with commodity hedging, there are risks associated with any currency swap or derivative agreement.

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.

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 capital costs, operating costs, general and administrative expenses and payments in order to maintain property interests are generally in the local currency of the jurisdiction where the applicable property is located. As a result, fluctuations in the Trinidad dollar against the United States and Canadian dollar could result in unanticipated fluctuations in the Company's financial results.

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.

Corruption

The Company's operations are governed by the laws of a number of 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 non-governmental 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 has no part.

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.

Nature of acquisitions and failure to realize benefits of acquisitions and dispositions

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.

The Company considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may require substantial Management effort, time and resources diverting Management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets may be periodically disposed of, so the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company, if disposed of, may realize less than their carrying value on the financial statements of the Company.

Natural disasters and weather-related risks

The Company will be subject to operating hazards normally associated with the exploration and production of oil and natural gas, including blow-outs, explosions, oil spills, cratering, pollution, earthquakes, hurricanes and fires. The occurrence of any such operating hazards could result in substantial losses to the Company due to injury or loss of life and damage to or destruction of oil and natural gas wells, formations, production facilities or other properties.

Stage of development

There are additional risks associated with an investment in the Company related to the early stage of the Company's development. These risks include, but are not limited to, availability of subsequent financing, complications and delays in establishment of operations in new jurisdictions, obtaining the exploitation license in due time, control of expenses, the ability to establish profitable operations, and other difficulties.

Security

Rising violent crime, partly as a result of gang crime related to drug trafficking, continues to remain a top priority for the Trinidad government to address. The Company and its personnel are subject to these risks, but through effective security and social programs, Touchstone believes these risks can be effectively managed. The Company maintains insurance in an amount that it considers adequate and consistent with industry practice and its operations; however, it is difficult to obtain insurance coverage to

protect against crime. Consequently, incidents in the future could have a material adverse impact on the Company's operations.

Corporate and regulatory formalities

Acquiring interests and conducting petroleum operations in Trinidad requires 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.

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.

While Touchstone Management have embedded relationships with stakeholders in Trinidad, have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and developing projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Appendix Document.

Ability to attract and retain qualified personnel

Recruiting and retaining qualified personnel are 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 are 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.

Potential 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 of interest, 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.

Diversification and expansion

The Company's business focuses on the petroleum industry in Trinidad. Other companies have the ability to manage their risk by diversification; however, the Company lacks diversification, in terms of the geographic scope of its business. As a result, factors affecting the industry or the regions in which it operates will likely impact the Company more acutely than if the Company's business was more diversified.

The operations and expertise of the Company's Management are currently focused primarily on oil and gas production, exploration and development in Trinidad. In the future, the Company may acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets, and, as a result, may face unexpected risks or, alternatively, significantly increase the Company's exposure to one or more existing risk factors, which may in turn result in the Company's future operational and financial conditions being adversely affected.

GENERAL EXPLORATION, DEVELOPMENT AND PRODUCTION RISKS

General risks relating to the Company and to the hydrocarbon exploration industry

The exploration for, and production of, hydrocarbons is a highly speculative activity which involves a high degree of risk. The Company may be unable to continue to discover reserves of sufficient size or complete wells with flow rates sufficient enough to be commercially viable. Accordingly, the Common Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those investors with the necessary expertise to evaluate the investment fully and who can sustain the total loss of their investment.

Commodity 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 transport hydrocarbons or acquire space on pipelines that deliver oil and natural gas to commercial markets. Deliverability uncertainties are present 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, Europe and China, 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. 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 decisions pertaining to oil production management of OPEC member countries, among other factors. A material decline in prices could result in a reduction of the Company's net production revenue and cash flows from operations. 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.

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% of its exposure to commodity price volatility.

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 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.

Oil and natural gas exploration and development activities are dependent on the availability of seismic, drilling, completions and other specialized 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.

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, Farmout 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, blow-outs, 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.

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Company's existing reserves, and the production from them, will decline over time as the Company produces from such reserves. A future increase in the Company's reserves will depend on both the ability of the Company to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Company will be able to continue to find satisfactory properties to acquire or participate in. Moreover, Management of the Company may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that the Company will discover or acquire further commercial quantities of oil and natural gas.

The Company is exposed to a high level of exploration risk. The Company's current and future (to the extent discovered or acquired) proved reserves will decline as reserves are produced from its properties unless the Company is able to acquire or develop new reserves. The business of exploring for, developing or acquiring reserves is capital-intensive and is subject to numerous estimates and interpretations of geological and geophysical data. There can be no assurance the Company's future exploration, development and acquisition activities will result in material additions of proved reserves. The Company may also choose to mitigate exploration risk through acquisitions that may require raising funds.

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 and the invasion of water into producing formations, 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. In either event, the Company could incur significant costs.

Drilling costs

The costs associated with Touchstone's drilling and well recompletion program could be materially higher than expected and Touchstone may experience adverse variances to budget with respect to capital expenditures. The Company could therefore require additional funding in the future to fulfill its stated objectives, and there can be no assurance that such funding will be available to Touchstone on favourable terms, or at all.

Costs of abandonment and restoration

The Company's decommissioning obligations relate to future site restoration and abandonment costs including the costs of production equipment removal and land reclamation based on current regulations and economic circumstances. Obligations are estimated by Management based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future periods. These costs may arise as a result of applicable law or regulation, the terms of the Company's licenses, the Company's internal health and safety policies or industry best practice. Costs of abandonment and restoration could be significantly higher than anticipated.

Weakness in the oil and gas industry

Current market events and conditions, including global excess oil and natural gas supply, recent actions taken by OPEC, slowing growth in China and other emerging economies, market volatility and disruptions in Asia, and sovereign debt levels in various countries, have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. Lower commodity prices may also affect the volume and value of the Company's reserves especially as certain reserves become uneconomic. In addition, lower commodity prices have restricted, and are anticipated to continue to restrict, the Company's cash flow resulting in a reduced capital expenditure budget. As a result, the Company may not be able to replace its production with additional reserves, and both the Company's production and reserves could be reduced on a year over year basis. Given the current market conditions and the lack of confidence in the oil and gas industry, the Company may have difficulty raising additional funds, or if it is able to do so it may be on unfavourable and highly dilutive terms.

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 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. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation and unconventional blocks.

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 they are 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 primarily 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 have a material adverse effect on 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 facilities that are safely operated, through effective operations integrity management, through continuous employee training, through regular upgrades to facilities and equipment, and implementation of a comprehensive inspection system. Also, the Company's facilities and operations are subject to routine inspection by various federal authorities in Trinidad to evaluate the Company's compliance with various laws and regulations.

Reserve estimates

There are numerous uncertainties inherent in estimating quantities of oil and natural gas reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this Appendix Document are estimates only. Generally, estimates of economically recoverable oil and natural gas 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 and natural gas; royalty rates; tax rates; and the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves 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.

The estimation 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.

Recovery factors and drainage areas are estimated by experience and analogy to similar producing pools. 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. Such variations could be material.

In accordance with applicable securities laws, the Company's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation and foreign exchange rates on costs. Reserves data is based on judgments regarding future events; therefore, actual results will vary, and variations may be material.

GLJ forecasts reserve volumes and future cash flows based upon current and historical well performance through to the economic production limit of individual wells. Notwithstanding established precedence and contractual options for the continuation and renewal of the Company's existing operating agreements, in many cases the forecast economic limit of individual wells are beyond the current term of the relevant operating agreements. There is no certainty as to any renewal of the Company's existing operating arrangements.

Reserve replacement

Touchstone's oil and natural gas reserves and production, and its cash flows and earnings derived therefrom are highly dependent upon the Company 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.

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;
- 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.

Gathering and processing facilities and pipeline systems

The Company delivers its products through gathering, processing and pipeline systems, some of which it does not own. The amount of oil and natural gas that the Company can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering, processing and pipeline systems. The lack of availability of capacity in any of the gathering, processing and pipeline systems could result in the Company's inability to realize the full economic potential of its production or in a reduction of the price offered for the Company's production. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Company's business and, in turn, the Company's financial condition, results of operations and cash flows.

All of the Company's production is delivered for shipment on facilities owned by third parties and over which the Company does not have control. From time to time, these facilities may discontinue or decrease operations, either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially adversely affect the Company's ability to process its production and to deliver the same for sale. Unexpected shut downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Company's production, operations and financial results.

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 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.

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 petroleum 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. 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 adversely affected in a material manner. If Touchstone is unable to utilize the most advanced commercially available technology, Touchstone's business, financial condition and results of operations could be adversely affected in a material manner.

INVESTMENT, COMMON SHARES AND AIM RISKS

Existing and prospective investors may suffer further dilution in the value of the Common Shares

In order to finance future operations or acquisition opportunities, the Company may issue Common Shares or raise funds through the issuance of Common Shares or the issuance of debt instruments or securities convertible into Common Shares, which will be dilutive to shareholders. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or the securities convertible into Common Shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

If the Company offers to shareholders rights to subscribe for additional Common Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making the rights available to shareholders. The Company may choose not to offer the rights to shareholders in certain jurisdictions, in particular where it is not legal to do so. The Company may also not extend any future rights offerings or equity issues to jurisdictions where it would be difficult or unduly onerous to comply with the applicable securities laws.

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 and one day 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.

The market price of the Common Shares may fluctuate widely

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. 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 are purchased.

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.

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.

The ability to pay dividends will depend on the Company's financial performance, which, in turn, depends on the success of its production efforts, on the implementation of its growth strategy, on general economic conditions and on competitive, regulatory, technical, environmental and other factors, many of which are beyond the Company's control. Additionally, because the Company is a holding company, its

ability to pay dividends on the Common Shares is limited by restrictions on the ability of its subsidiaries to pay dividends or make distributions to the Company.

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 ("**CGUs**") 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 recorded 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.

An investment in an AIM quoted company may entail a higher degree of risk and lower liquidity than a company listed on the Official List or on the main board of other leading exchanges

AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other leading stock exchanges. The Common Shares may, therefore, be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might be the case for a similar company listed on the Official List. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

The Common Shares may not be suitable as an investment for all recipients of this Appendix Document

The Company is principally aiming to achieve long-term profitability and may not generate profits in the short or medium term; accordingly, the Common Shares may not be suitable as a short-term investment. The Company's share price may be subject to large fluctuation on small volumes of shares traded and, the Common Shares may be difficult to sell at the quoted market price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Common Shares may not reflect the underlying value of the Company.

Potential investors in the Common Shares may lose part or all of the value of their investment

There can be no guarantee that the value of an investment in the Company will increase. Investors may, therefore, realize less than, or lose all of, their original investment.

The price at which the Common Shares are traded on Admission may or may not relate to the latest price at which the Common Shares are traded on the TSX and may not be indicative of prices that will continue to prevail in the trading market. Prospective investors may not be able to resell their Common Shares at a price that is attractive to them or that is higher than the price they paid for them. There is no guarantee that the historical level of trading in the Common Shares on the TSX will continue or increase and the historic level of trading and share price performance should not be used to imply any future level of trading or share price performance post Admission.

The ability of overseas shareholders to bring actions or enforce judgements against the Company or the Directors may be limited

The ability of an overseas shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in Canada. The rights of holders of Common Shares are governed by Canadian law and by the Company's articles and by-laws. These rights differ from the rights of shareholders in typical UK companies and some other non-UK corporations. An overseas shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. Consequently, it may not be possible for an overseas shareholder to effect service of process upon the Company, Directors and executive officers within the overseas shareholder's country of residence, nor can there be any assurance that an overseas shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries in which they reside against the Company, Directors or executive officers.

Exchange rate fluctuations between Pounds Sterling and other currencies will affect the equivalent value of the Common Shares in currencies other than Pounds Sterling

The Common Shares to be admitted to trading on AIM will be denominated in British pounds whereas they will continue to be traded on the TSX in Canadian dollars. Fluctuations in the exchange rate between Canadian dollars and other currencies, including the pound sterling, will affect the value of the Common Shares and any dividends the Company may declare in the future, denominated in the local currency of investors outside of Canada.

Further, any future fundraising may be undertaken in Canadian dollars or British pounds and there is, therefore, a potential foreign currency risk on transferring any proceeds into the functional currency required for the Company's activities which is predominantly the Trinidad and Tobago dollar.

No UK Takeover Code protection

The Company is not subject to the provisions of the City Code and it is emphasized that, although the Common Shares will be admitted to trading on AIM, the Company will not be subject to takeover regulation in the UK. However, Canadian laws applicable to the Company provide for early warning disclosure requirements and for takeover bid rules for bids made to security holders in various jurisdictions in Canada, a summary of which is set out in paragraph 20 of Part I of this Appendix Document.

Persons holding shares in the form of Depositary Interests may not be able to exercise their voting rights

Persons holding shares in the form of Depositary Interests may not be able to exercise voting rights. Under the Company's articles and by-laws, only those persons who are shareholders of record are entitled to exercise voting rights. Persons who hold Common Shares in the form of Depositary Interests will not be considered to be record holders of Common Shares that are on deposit with the Depositary and, accordingly, will not be able to exercise voting rights. However, the Depositary Deed provides that the Depositary shall pass on, as far as it is reasonably able, rights and entitlements to vote. In order to direct the delivery of votes, holders of Depositary Interests must deliver instructions to the Depositary by the specified date. Neither the Company nor the Depositary can guarantee that holders of Depositary Interests will receive the notice in time to instruct the Depositary as to the delivery of votes in respect of Common Shares represented by Depositary Interests and it is possible that they will not have the opportunity to direct the delivery of votes in respect of such Common Shares. In addition, persons who beneficially own Common Shares that are registered in the name of a nominee must instruct their nominee to deliver votes on their behalf. Neither the Company nor any nominee can guarantee that holders of Common Shares will receive any notice of a solicitation of votes in time to instruct nominees to deliver votes on behalf of such holders and it is possible that holders of Depositary Interests and other persons who hold Common Shares through brokers, dealers or other third parties will not have the

opportunity to exercise any voting rights. Further details of the Depositary Agreement are set out in paragraph 10.1.4 of Part IV of this Appendix Document.

Liquidity and arbitrage between TSX and AIM

While the Directors consider that Admission will increase the liquidity of the Company's share capital, this outcome cannot be guaranteed. In addition, there can be no guarantee that the Common Shares will trade at the same price on both TSX and AIM due to different investor sentiments, liquidity levels, transaction costs, taxation rates, regulations or foreign exchange rates, particularly between Canada and the UK, the countries which host TSX and AIM respectively. Additionally, TSX and AIM operate in different time zones and, for instance, news flow from external sources such as regulatory regime changes which affect the Company may be acted upon earlier by an investor on one market ahead of the other.

The Directors have engaged brokers in both Canada and the UK to manage the migration of shares between the registers kept in Canada and the UK, but there can be no guarantee that this arrangement will eliminate all arbitrage opportunities between the shares traded on TSX and AIM or that such procedures will be effective.

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 Appendix Document under the heading "*Forward-Looking Statements*".

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Company is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Company.

If any of the risks referred to in this Part II crystallize, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Common Shares could decline and investors may lose all or part of their investment. Although the Directors will seek to minimize the impact of the risk factors listed above, investment in the Company should only be made by investors able to sustain a total loss of their investment.

PART III
SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following summary financial information of the Company has been extracted from the audited consolidated financial statements of the Company for the years ended December 31, 2016, 2015 and 2014, which can be found on the Company's website (www.touchstoneexploration.com) and on the Company's SEDAR profile (www.sedar.com). The audited consolidated financial statements of the Company have been prepared and presented in accordance with IFRS as issued by the International Accounting Standards Board.

Consolidated Statements of Financial Position
(thousands of Canadian dollars)

| | As at December 31, | | |
|--|--------------------|-------------------|-------------------|
| | 2016 | 2015 | 2014 |
| Assets | | | |
| Current assets | | | |
| Cash | \$ 8,433 | \$ 4,710 | \$ 7,441 |
| Investment in marketable securities | - | - | 290 |
| Accounts receivable | 8,809 | 9,846 | 14,947 |
| Crude oil inventory | 125 | 261 | 415 |
| Prepaid expenses | 368 | 3,680 | 1,822 |
| Financial derivatives | - | 7,650 | 3,133 |
| Assets held for sale | - | 1,413 | - |
| | 17,735 | 27,560 | 28,048 |
| Exploration assets | 1,858 | 1,654 | 9,489 |
| Property and equipment | 60,358 | 70,639 | 101,586 |
| Restricted cash and cash equivalents | 8,461 | - | - |
| Other assets | 873 | 766 | 1,210 |
| | \$ 89,285 | \$ 100,619 | \$ 140,333 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ 13,384 | \$ 12,219 | \$ 22,250 |
| Income taxes payable | 3,505 | 4,637 | 6,577 |
| Bank loan | - | 8,304 | - |
| Current portion of finance lease obligations | - | - | 510 |
| Liabilities associated with assets held for sale | - | 1,413 | - |
| | 16,889 | 26,573 | 29,337 |
| Provisions | 466 | 830 | 303 |
| Term loan and associated liabilities | 14,496 | - | - |
| Bank loan | - | - | 5,800 |
| Decommissioning obligations | 16,455 | 15,168 | 19,075 |
| Deferred income taxes | 4,745 | 5,391 | 20,060 |
| | 53,051 | 47,962 | 74,575 |
| Shareholders' equity | | | |
| Shareholders' capital | 169,995 | 169,950 | 169,893 |
| Warrants | - | 33 | 33 |
| Contributed surplus | 2,144 | 1,939 | 1,513 |
| Accumulated other comprehensive income | 9,231 | 13,018 | 4,455 |
| Deficit | (145,136) | (132,283) | (110,136) |
| | 36,234 | 52,657 | 65,758 |
| | \$ 89,285 | \$ 100,619 | \$ 140,333 |

Consolidated Statements of Loss and Comprehensive Loss
(thousands of Canadian dollars, except per share amounts)

| | Year ended December 31, | | |
|--|-------------------------|--------------------|--------------------|
| | 2016 | 2015 | 2014 |
| Revenues | | | |
| Petroleum revenue | \$ 24,036 | \$ 36,340 | \$ 42,570 |
| Royalties | (6,818) | (11,110) | (12,595) |
| | 17,218 | 25,230 | 29,975 |
| (Loss) gain on financial derivatives | (1,970) | 8,835 | 3,346 |
| | 15,248 | 34,065 | 33,321 |
| Expenses | | | |
| Operating | 10,042 | 16,614 | 15,058 |
| General and administrative | 6,398 | 10,516 | 9,955 |
| Acquisition-related expenses | - | - | 2,975 |
| Net finance expenses | 230 | 3,493 | 469 |
| Gain on asset dispositions | - | (3,458) | - |
| Loss (gain) on marketable securities | - | 51 | (1,922) |
| Foreign exchange loss (gain) | 163 | (1,814) | (1,034) |
| Share-based compensation | 157 | 363 | 385 |
| Depletion and depreciation | 5,012 | 8,380 | 5,202 |
| Impairment | 5,337 | 38,142 | 72,660 |
| Accretion on decommissioning obligations | 378 | 624 | 452 |
| Accretion on term loan | 164 | - | - |
| | 27,881 | 72,911 | 104,200 |
| Net loss before income taxes | (12,633) | (38,846) | (70,879) |
| Income taxes | | | |
| Current tax expense | 466 | 444 | 2,064 |
| Deferred tax recovery | (246) | (17,143) | (15,681) |
| | 220 | (16,699) | (13,617) |
| Net loss | (12,853) | (22,147) | (57,262) |
| Foreign currency translation adjustment | (3,787) | 8,563 | 4,455 |
| Comprehensive loss | \$ (16,640) | \$ (13,584) | \$ (52,807) |
| Net loss per common share | | | |
| Basic and diluted | \$ (0.15) | \$ (0.27) | \$ (0.82) |

Consolidated Statements of Changes in Shareholders' Equity
(thousands of Canadian dollars)

| | Shareholders' capital | Warrants | Contributed surplus | Accumulated other comprehensive income | Deficit | Total Shareholders' Equity |
|--|--------------------------|----------|------------------------|---|--------------|----------------------------------|
| Balance as at January 1, 2014 | \$ 134,709 | \$ - | \$ 1,557 | \$ - | \$ (52,874) | \$ 83,392 |
| Net loss | - | - | - | - | (57,262) | (57,262) |
| Other comprehensive income | - | - | - | 4,455 | - | 4,455 |
| Issued on acquisition | 33,415 | 33 | - | - | - | 33,448 |
| Share-based compensation expense | - | - | 385 | - | - | 385 |
| Share-based compensation capitalized | - | - | 129 | - | - | 129 |
| Share-based settlements | 586 | - | (558) | - | - | 28 |
| Issued pursuant to land acquisition | 1,183 | - | - | - | - | 1,183 |
| Balance as at December 31, 2014 | \$ 169,893 | \$ 33 | \$ 1,513 | \$ 4,455 | \$ (110,136) | \$ 65,758 |
| Net loss | - | - | - | - | (22,147) | (22,147) |
| Other comprehensive income | - | - | - | 8,563 | - | 8,563 |
| Share-based compensation expense | - | - | 363 | - | - | 363 |
| Share-based compensation capitalized | - | - | 118 | - | - | 118 |
| Share-based settlements | 57 | - | (55) | - | - | 2 |
| Balance as at December 31, 2015 | \$ 169,950 | \$ 33 | \$ 1,939 | \$ 13,018 | \$ (132,283) | \$ 52,657 |
| Net loss | - | - | - | - | (12,853) | (12,853) |
| Other comprehensive loss | - | - | - | (3,787) | - | (3,787) |
| Share-based compensation expense | - | - | 157 | - | - | 157 |
| Share-based compensation capitalized | - | - | 57 | - | - | 57 |
| Share-based settlements | 45 | - | (42) | - | - | 3 |
| Transfer of unexercised warrants | - | (33) | 33 | - | - | - |
| Balance as at December 31, 2016 | \$ 169,995 | \$ - | \$ 2,144 | \$ 9,231 | \$ (145,136) | \$ 36,234 |

Consolidated Statements of Cash Flows
(thousands of Canadian dollars)

| | Year ended December 31, | | |
|---|-------------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 |
| Cash provided by (used in): | | | |
| Operating activities | | | |
| Net loss for the year | \$ (12,853) | \$ (22,147) | \$ (57,262) |
| Items not involving cash from operations: | | | |
| Non-cash loss (gain) on financial derivatives | 8,432 | (2,654) | (3,123) |
| Gain on asset dispositions | - | (3,458) | - |
| Non-cash loss (gain) on marketable securities | - | 41 | (1,337) |
| Unrealized foreign exchange loss (gain) | 199 | (1,707) | (789) |
| Share-based compensation | 157 | 363 | 385 |
| Depletion and depreciation | 5,012 | 8,380 | 5,202 |
| Impairment | 5,337 | 38,142 | 72,660 |
| Accretion on decommissioning obligations | 378 | 624 | 452 |
| Accretion on term loan | 164 | - | - |
| Other | (463) | 2,467 | (117) |
| Deferred income tax recovery | (246) | (17,143) | (15,681) |
| Funds flow from operations | 6,117 | 2,908 | 390 |
| Change in non-cash working capital | 2,682 | (6,153) | 3,649 |
| | 8,799 | (3,245) | 4,039 |
| Investing activities | | | |
| Restricted cash and cash equivalents | (8,461) | - | - |
| Disposition of marketable securities | - | 249 | 21,638 |
| Exploration asset expenditures | (2,029) | (1,245) | (11,355) |
| Property and equipment expenditures | (1,852) | (3,572) | (23,610) |
| Other | - | - | (41) |
| Proceeds from dispositions | 650 | 8,531 | - |
| Cash acquired on acquisition | - | - | 2,780 |
| Change in non-cash working capital | 102 | (4,424) | (650) |
| | (11,590) | (461) | (11,238) |
| Financing activities | | | |
| Net (repayments) advances of bank loan | (7,864) | 1,153 | 4,002 |
| Repayment of acquired debt | - | - | (23,863) |
| Advance of term loan, net of fees | 14,379 | - | - |
| Payments of term loan royalty | (47) | - | - |
| Net finance lease receipts (payments) | 42 | (125) | (689) |
| Issuance of common shares | 3 | 2 | 28 |
| | 6,513 | 1,030 | (20,522) |
| Change in cash | 3,722 | (2,676) | (27,721) |
| Cash, beginning of year | 4,710 | 7,441 | 35,120 |
| Impact of foreign exchange in foreign denominated cash balances | 1 | (55) | 42 |
| Cash, end of year | \$ 8,433 | \$ 4,710 | \$ 7,441 |

PART IV ADDITIONAL INFORMATION

1. Responsibility

The Company and its Directors, accept responsibility individually and collectively for all of the information contained in this Appendix Document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Appendix Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors are not aware of any exceptional factors which have influenced the Company's activities.

2. The Company

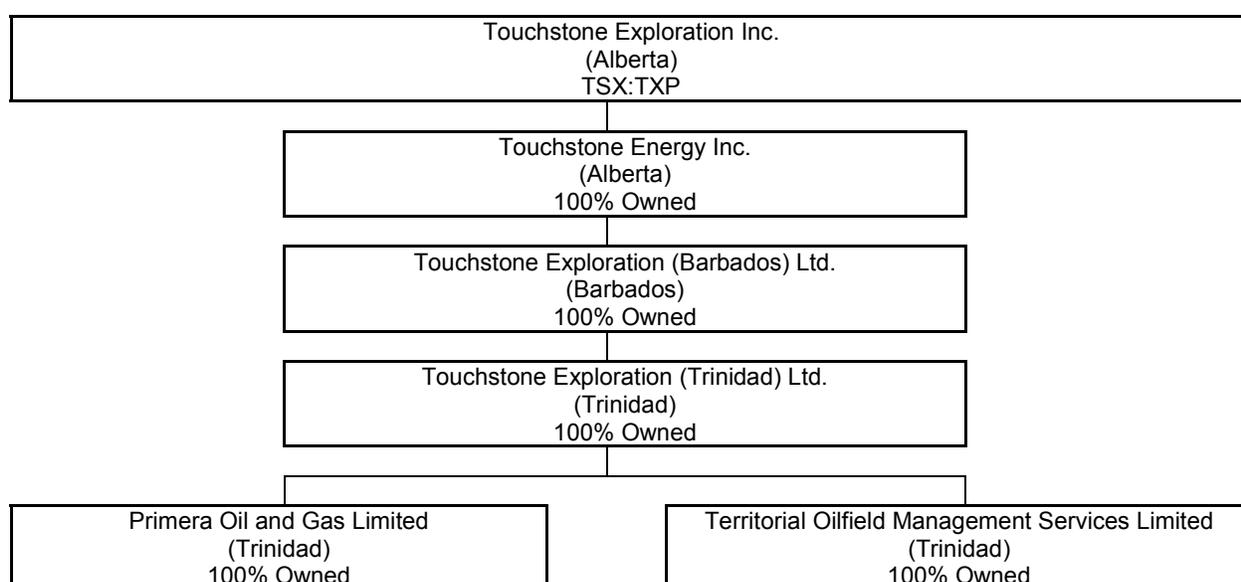
- 1708589 Alberta Ltd. (“**1708589**”) was incorporated on October 24, 2012 under the ABCA for the purposes of participating in the PetroBakken Reorganization under which, among other things, the business of Petrobank Energy and Resources Ltd. (“**Old Petrobank**”) was transitioned to the Company. Prior 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.”.
- 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 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, Petrobank Energy and Resources Ltd. changed its name to Touchstone Exploration Inc., and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc.
- The Company is an oil and gas exploration and production company with subsidiaries active in the Republic of Trinidad and Tobago.
- The registered office of the Company is located at Suite 3700, 400 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.
- The head office of the Company is located at Suite 4100, 350-7th Avenue S.W., Calgary, Alberta, T2P 3N9.
- The Company is incorporated under the Alberta Business Corporations Act.
- The ISIN number of the Common Shares is CA89156L1085. The ISIN number of the Placing Shares is CA89156L2075.
- The Company's account reference date is December 31.
- The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is <http://www.touchstoneexploration.com>.

3. Corporate Structure

The Company has five directly wholly-owned subsidiaries. The following table sets forth, as of January 1, 2017, the name of each subsidiary, the jurisdiction of incorporation, the percentage of voting shares held and business conducted by each subsidiary:

| Entity | Country of incorporation | Ownership % | Business conducted |
|--|--------------------------|-------------|--|
| Touchstone Energy Inc. | Canada | 100% | Holding company |
| Touchstone Exploration (Barbados) Ltd. | Barbados | 100% | Holding company |
| Touchstone Exploration (Trinidad) Ltd. | Trinidad | 100% | Operating oil and gas company |
| Primera Oil and Gas Limited | Trinidad | 100% | Operating oil and gas company |
| Territorial Oilfield Management Services Limited | Trinidad | 100% | Operating oil and gas services company |

A summary of the Corporate structure is set out in the diagram below:



4. Share Capital

The Company has one class of shares in issue, which is Common Shares. The rights attaching to the Common Shares are set out in paragraph 5 of this Part IV. The Common Shares have no nominal or par value. The Company is authorized to issue an unlimited number of voting common shares.

The following table summarizes the Company's outstanding common shares, share options, incentive share options and share purchase warrants as at May 24, 2017, December 31, 2016, 2015 and 2014:

| | May 24, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2014 |
|-------------------------------------|-------------------|----------------------|----------------------|----------------------|
| Common shares outstanding | 83,137,143 | 83,137,143 | 83,087,143 | 83,059,643 |
| Share options outstanding | 6,660,840 | 5,642,040 | 5,308,445 | 4,814,085 |
| Incentive share options outstanding | 127,500 | 127,500 | 298,125 | 336,750 |
| Warrants outstanding | - | - | 2,260,800 | 2,260,800 |
| Fully diluted common shares | 89,925,483 | 88,906,683 | 90,954,513 | 90,471,278 |

The issued share capital of the Company immediately following Admission is expected to be as detailed below.

| | Number (#) | Percentage (%) |
|-------------------------------------|--------------------|-----------------------|
| Common shares outstanding | 103,137,143 | 93.8 |
| Share options outstanding | 6,660,840 | 6.1 |
| Incentive share options outstanding | 127,500 | 0.1 |
| Fully diluted common shares | 109,925,483 | 100.0 |

Following the issue of the Placing Shares, holders of Existing Common Shares, who do not participate in the Placing, will suffer a dilution of 19.4% to their interest in the Company by virtue of the issue of Placing Shares in connection with the Placing.

5. Articles and By-Laws

The following is a summary of certain aspects of the ABCA and the Company's articles and by-laws. The Company also remains subject to any stock exchange or securities law requirements that may be applicable to the Company. The Company's articles were adopted on January 1, 2017.

5.1 Objects and Purposes of the Company

The articles place no restrictions on the business the Company may carry on.

5.2 Common Shares

Voting rights

Each holder of Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Common Share held by such holder.

Directors' authority to issue

The articles of the Company permit the Directors to issue an unlimited number of Common Shares.

Dividends

Subject to the rights of the holders of the preference shares, if any, and the rights of the holders of any other class or series of shares ranking senior to the Common Shares, the holders of Common Shares shall be entitled to receive dividends if and when declared by the Board.

Liquidation

In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of Common Shares shall be entitled, subject to the rights of the holders of the preference shares and the rights of the holders of any other class or series of shares ranking senior to the Common Shares, to receive the remaining property or assets of the Company.

5.3 Additional Information

Alteration of capital

Subject to the ABCA and the Company's by-laws, the Company may by special resolution of the shareholders: (i) create new classes of shares; (ii) change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrue dividends, in respect of all or any of its shares, whether issued or unissued; (iii) change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series or into the same or a different number of shares of other classes or series; (iv) divide a class of shares, whether issued or unissued, into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof; (v) increase or decrease the number of directors or the minimum or maximum number of directors; and/or (vi) add, change or remove restrictions on the issue, transfer or ownership of shares.

Additional dividend information

Pursuant to the ABCA, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Company. The Company may pay dividends by issuing fully paid shares of the Company or, subject to the provisions of the ABCA, in money or property.

The Board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend, as a record date for the determination of persons entitled to receive payment of such dividend, and notice of such record date so fixed shall be given not less than seven days before such record date in the manner prescribed by the ABCA. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the Board. Any dividend unclaimed for a period of six years from the date on which such dividend was declared to be payable shall be forfeited and shall revert to the Company.

Transfer of Common Shares

No provision contained in the Articles or the ABCA impose any pre-emptive rights upon the transfer of the Common Shares.

Requirement to disclose interests in Common Shares

The articles do not contain any provisions relating to mandatory disclosure of an ownership interest in the Common Shares above a certain threshold. The Company will put a resolution to its shareholders at its Annual and Special Meeting of Shareholders to change the Company's by-laws to require that, with effect from Admission, shareholders holding three per cent (3%) or more of the Company's Common Shares notify the Company thereof of any changes to their holdings which increase or decrease such holding through any single percentage.

General meetings

Subject to the provisions of the ABCA, the Directors of the Company must call an annual meeting of shareholders: (a) not later than eighteen months after the Company comes into existence; and (b) subsequently, not later than fifteen months after holding the last preceding annual meeting but no later than six months after the end of the Company's preceding financial year.

Subject to the ABCA, the Directors may, whenever they see fit, call a meeting of shareholders and the Company must send notice of the shareholder meeting not less than 21 days and not more than 50 days before the date of the meeting. Subject to the by-laws, a quorum for the transaction of business at a

meeting of shareholders shall be all of the shareholders, or two shareholders, whichever number be the lesser, personally present or represented by proxy.

Variation of rights

Pursuant to the ABCA, the Company may by special resolution of the shareholders vary or delete any special rights or restrictions attached to the Common Shares.

Constitution of the board

Pursuant to the Company's articles, the Company may have a minimum of three directors and a maximum of fifteen directors. An election of directors shall take place at the first meeting and thereafter at each annual meeting of shareholders at which an election of directors is required. The election shall be by ordinary resolution. Directors shall hold office for a term expiring not later than the close of the next annual meeting of shareholders following the election. If directors are not elected at a meeting of shareholders, the incumbent directors continue in office until their successors are elected. At the meetings of the Board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

Permitted directors' interests

A director or officer who is a party to, or who is a director or an officer (or acting in a similar capacity) of, or has a material interest in, any person who is a party to, a material contract or transaction, whether made or proposed, with the Company shall disclose to the Company the nature and extent of the interest at the time and in the manner provided by the ABCA and such interest shall be entered in the minutes of the meetings of directors or otherwise noted in the records of the Company. Any such contract or transaction shall be referred to the Board or shareholders for approval even if such contract or transaction is one that in the ordinary course of the Company's business would not require approval by the Board or shareholders. A director who has an interest in a material contract or material transaction, whether made or proposed, with the Company shall not vote on any resolution to approve the contract or transaction except as permitted by the ABCA.

Borrowing Powers

Pursuant to the ABCA, the board may, without authorization of the shareholders: (a) borrow money on the credit of the Company; (b) issue, reissue, sell or pledge debt obligations of the Company; (c) subject to section 45 of the Act, give a guarantee on behalf of the Company to secure performance of an obligation of any person; and (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company. The directors may, by resolution, delegate this power to a director, a committee or an officer.

Indemnities

The Company's by-laws provide that the Company shall to the extent permitted under the ABCA or otherwise by law, indemnify a director or officer of the Company, a former director or officer of the Company, and a person who acts or acted at the Company's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other action or proceeding to which he or she is made a party to or involved by reason of that association with the Company or such other entity.

6. Additional Information on the Directors on Admission

6.1 Directors Interest

As at May 24, 2017, (being the latest practicable date prior to the date of this Appendix Document) and as expected to be held immediately following Admission, the interests (all of which are beneficial) of the Directors in the Company's issued share capital are or are expected to be as follows:

Directors Interest – Common Shares

| Director | As at May 24, 2017 | Immediately Following Admission |
|-----------------------|-------------------------|---------------------------------|
| | Number of Common Shares | Number of Common Shares |
| Paul R. Baay | 1,084,769 | 1,084,769 |
| Kenneth R. McKinnon | 201,586 | 201,586 |
| Thomas E. Valentine | 518 | 518 |
| Dr. Harrie Vredenburg | 34,534 | 34,534 |
| John D. Wright | 4,745,027 | 4,745,027 |
| Total | 6,066,434 | 6,066,434 |

Directors Interest – Option Based Awards

| Option-Based Awards | | | | | |
|-----------------------|---------------------------------|--|---|------------------------|---|
| Director | Grant date | Number of Common Shares underlying unexercised Options (#) | Option exercise price (\$/Common Share) | Option expiration date | Value of unexercised in-the-money Stock Options (\$) ⁽¹⁾ |
| Paul R. Baay | June 3, 2014 | 600,000 | 0.89 | June 3, 2019 | Nil |
| | April 20, 2015 | 300,000 | 0.33 | April 19, 2020 | Nil |
| | June 16, 2016 | 300,000 | 0.23 | June 15, 2021 | Nil |
| | March 30, 2017 | 300,000 | 0.14 | March 29, 2022 | N/A |
| Kenneth R. McKinnon | January 14, 2013 | 53,750 | 2.10 | January 14, 2020 | Nil |
| | June 3, 2014 | 130,000 | 0.89 | June 3, 2019 | Nil |
| | April 20, 2015 ⁽²⁾ | 95,000 | 0.33 | April 19, 2020 | Nil |
| | June 16, 2016 ⁽²⁾ | 95,000 | 0.23 | June 15, 2021 | Nil |
| Thomas E. Valentine | June 3, 2014 | 50,000 | 0.89 | June 3, 2019 | Nil |
| | April 20, 2015 ⁽²⁾ | 25,000 | 0.33 | April 19, 2020 | Nil |
| | October 20, 2015 ⁽²⁾ | 50,000 | 0.33 | April 19, 2020 | Nil |
| | June 16, 2016 ⁽²⁾ | 75,000 | 0.23 | June 15, 2021 | Nil |
| Dr. Harrie Vredenburg | January 14, 2013 | 43,750 | 2.10 | January 14, 2020 | Nil |
| | June 3, 2014 | 120,000 | 0.89 | June 3, 2019 | Nil |
| | April 20, 2015 ⁽¹⁾ | 80,000 | 0.33 | April 19, 2020 | Nil |
| | June 16, 2016 ⁽¹⁾ | 80,000 | 0.23 | June 15, 2021 | Nil |
| John D. Wright | January 14, 2013 | 50,000 | 2.10 | January 14, 2020 | Nil |
| | June 3, 2014 | 150,000 | 0.89 | June 3, 2019 | Nil |
| | April 20, 2015 ⁽²⁾ | 100,000 | 0.33 | April 19, 2020 | Nil |
| | October 20, 2015 ⁽²⁾ | 12,500 | 0.33 | April 19, 2020 | Nil |
| | June 16, 2016 ⁽²⁾ | 112,500 | 0.23 | June 15, 2021 | Nil |

Notes:

1. The value of unexercised in-the-money Stock Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Common Shares on the TSX on December 31, 2016, being \$0.145.
2. The grant of options are to be approved at the Special and Annual Meeting of Shareholders to be held on June 19, 2017.

Directors Interest – Share Based Awards

| Share-Based Awards | | | | | |
|-----------------------|------------------|---|--|---|---|
| Name | Grant date | Number of Common Shares underlying unexercised Incentive Shares (#) | Incentive Share exercise price (\$/Common Share) | Market or payout value of Incentive Shares that have not vested (\$) ⁽¹⁾ | Market or payout value of vested Incentive Shares not paid out or distributed (\$) ⁽²⁾ |
| Paul R. Baay | June 3, 2014 | 100,000 | 0.05 | 1,586 | 7,914 |
| Kenneth R. McKinnon | January 14, 2013 | 7,500 | 0.10 | Nil | 338 |
| Dr. Harrie Vredenburg | January 14, 2013 | 7,500 | 0.10 | Nil | 338 |

Notes:

1. The value of Incentive Shares that have not yet vested is calculated based on the difference between the noted exercise price for the applicable grant and the closing price of the Common Shares on the TSX on December 31, 2016, being \$0.145.
2. The value of Incentive Shares that have vested, but have not been paid out or distributed, is calculated based on the difference between the noted exercise price for the applicable grant and the closing price of the Common Shares on the TSX on December 31, 2016, being \$0.145.

6.2 Directorships

Save as set out below, the Directors have not held any directorships of any company, other than the subsidiaries of the Company at any time in the five years prior to the date of this Appendix Document:

Directorships

| Name | Current Directorships | Former Directorships |
|---------------------|--|---|
| Paul R. Baay | AlkaLi3 Resources Inc. Primera Oil and Gas Limited Territorial Oilfield Management Services Limited Touchstone Energy Inc. Touchstone Exploration Inc. Touchstone Exploration (Trinidad) Ltd. | Atikwa Resources Inc. Primera Energy Resources Ltd. TKE Energy Trust TORC Oil & Gas Ltd. Vero Energy Inc. |
| Kenneth R. McKinnon | Alvopetro Energy Ltd. Touchstone Exploration Inc. | Alberta Innovates Technology Futures Critical Mass Inc. Lightstream Resource Ltd. Petrobank Energy and Resources Ltd. Petrominerales Ltd. |
| Thomas E. Valentine | NXT Energy Solutions Inc. Touchstone Exploration Inc. | Calvalley Petroleum Inc. Veraz Petroleum Ltd. |

| Name | Current Directorships | Former Directorships |
|-----------------------|--|---|
| Dr. Harrie Vredenburg | Arxpacis Hibberdene Kainji Resources Ltd. Tali Resources Teric Power Ltd. Touchstone Exploration Inc. | Dionysus Energy Corporation Petrobank Energy and Resources Ltd. |
| John D. Wright | Alvopetro Energy Ltd. Analogy Capital Advisors Inc. Capri Petroleum Technologies Ltd. Elgee Management Ltd. Elgee Kids Ltd. Ridgeback Resources Inc. Touchstone Exploration Inc. | 1504829 Alberta Ltd. 1708589 Alberta Ltd. 1723215 Alberta Ltd. 1863360 Alberta Ltd. 1863359 Alberta Ltd. 9817158 Canada Ltd. Archon Technologies Ltd. Dee + Dub Enterprises Ltd. ExploreCo Ltd. Fundacion Vichituni Hawk Exploration Ltd. Lightstream Capital Ltd. (formerly PetroBakken Capital Ltd.) Lightstream Resources Ltd. Petrobank Energy and Resources Ltd. Petro International Ltd. Petrominerales Colombia Corp Petrominerales Colombia Ltd. Petrominerales Ltd. Petrominerales Orito Ltd. Petrominerales Peru Ltd. Petrominerales Peru S.A. Southside Oil & Gas Ltd. Southside Petroleum Ltd. Spyglass Resources Corp. The World Petroleum Council Canada Whitesands Insitu Inc. |

As of the date of this Appendix Document, save as disclosed below, none of the Directors have:

- Any unspent convictions in relation to indictable offences;
- Been declared bankrupt or been subject to any involuntary arrangement;
- Been a director of any company or been a member of the administrative, management or supervisory body of a company or a senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he was acting in that capacity for that company or within 12 months after he ceased to be so acting;
- Been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement while he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;

- Been the owner of any asset placed in receivership or been a partner in any partnership which had an asset placed in receivership while he was a partner of that partnership or within the 12 months after he ceased to be a partner of that partnership; or
- Been subject to any public criticisms by any statutory or regulatory authorities (including recognized professional bodies) or been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Corporate Cease Trade Orders & Bankruptcies

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

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

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

6.3 Service Agreements

The following agreements have been entered into between the Non-executive Directors, Senior Management and the Company:

6.3.1 Paul R. Baay, Scott Budau and James Shipka

The Company entered into employment agreements (the “**Agreements**” and each an “**Agreement**”) with Paul R. Baay, effective May 13, 2014; Scott Budau – effective May 13, 2014, and James Shipka – effective May 13, 2014.

Each of these Agreements provide for an indefinite term of employment. Each Agreement may be terminated by: (i) the Company giving notice of termination (other than just cause) to Mr. Baay, Mr. Budau

or Mr. Shipka; or (ii) the executive giving 90 (120 for Mr. Baay) calendar days' written notice of termination to the Company; or (iii) the executive giving notice of termination to the Company following a Change in Control (as defined below).

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

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

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

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

6.3.2 Non-Executive Directors

For 2016, the cash base retainer for non-executive directors was \$10,000 per director. For 2017, the current retainer and stock option compensation policy for Touchstone's directors is set forth below. As of the date of this Appendix Document, the stock options have not been granted but are expected to be granted subsequent to the Annual and Special Meeting of shareholders on June 19, 2017.

Non-Executive Director Compensation

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

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

Directors are elected each year at the annual meeting of shareholders, except that the board can appoint directors in certain circumstances between annual meetings. Directors who are elected at the meeting hold office until the end of the next annual meeting of shareholders or until their successor is elected or appointed.

None of the Directors or any person connected with them (within the meaning of section 252 of the UK Company Act 2006 (as amended)) is interested in any related financial product referenced to the Common Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Common Shares including a contract for difference or a fixed odds bet).

7. Significant Shareholders Prior to and Immediately Post Admission

As at May 24, 2017 (being the latest practicable date prior to the date of this Appendix Document), the Company is aware of the following shareholders who by virtue of the notifications made to it pursuant to relevant Canadian securities laws, are interested, directly or indirectly, in 10% or more of the Company's issued share capital:

| Name | Number of Common Shares | Percentage of Enlarged Share Capital |
|--------------------------------------|-------------------------|--------------------------------------|
| Polar Asset Management Partners Inc. | 14,719,000 | 17.7% |

The Shareholders listed in this paragraph 7, do not have different voting rights to other holders of Common Shares. Save as disclosed in this section, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company. The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

As an ABCA corporation, the Company is not subject to the provisions of the UK Disclosure Rules and Transparency Rules and, consequently, shareholders will not be subject to any UK requirements to disclose to the Company the level of their interests in Common Shares.

It should be noted that under the ABCA, the provisions of the by-laws are not legally binding on the shareholders of the Company nor are there otherwise any statutory obligations on shareholders to disclose to the Company the level of their interests in Common Shares, other than under certain securities legislation in Canada.

When acquiring shares in the Company, shareholders are entitled under Canadian securities laws to categorise themselves as “objecting” (“**Obo’s**”) or “non-objecting” (“**Nobo’s**”). By registering as such, which they usually do through the entity through which they acquired their shares, Obo’s are noting that they object to their interest and their details being disclosed to the Company, up to 10% at which level the Canadian securities law makes disclosure mandatory; Nobo’s on the other hand are noting the fact that they do not object to their shareholdings and their details being disclosed to the Company. Rule 17 of the AIM Rules for Companies requires, inter alia, that a Company announce once it is aware that a shareholder is holding is 3% or more, and of changes thereto (movements through a percentage point or more).

The shareholders will be asked to approve an amendment of the by-laws at the Annual and Special Meeting of Shareholders to include provisions, which will require shareholders holding 3% or more of the voting rights in the Company to notify the Company thereof and of subsequent changes thereto which reach, exceed or fall below a 1% threshold, so long as the Common Shares are admitted to trading on AIM. To the extent shareholders do not comply with the by-law the Company will not necessarily be aware of interests below this figure, and the Company will be unable to announce these shareholdings in accordance with the requirements of rule 17 of the AIM Rules for Companies.

The Company is aware of the following shareholders who by virtue of the notifications made to it pursuant to the Company’s by-laws, will be immediately following Admission interested, directly or indirectly, in 3% or more of the Company’s issued share capital:

| Name | Number of Common Shares | Percentage of Enlarged Share Capital |
|--------------------------------------|--------------------------------|---|
| Polar Asset Management Partners Inc. | 14,719,000 | 14.3% |
| City Financial Investment Company | 6,910,345 | 6.7% |
| John David Wright | 4,745,027 | 4.6% |

8. Summary of Stock Option Plan and Incentive Share Plan

8.1 Stock Option Plan

Options to purchase Common Shares were first issued in January 2013 pursuant to the Stock Option Plan which is described as follows.

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

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

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

The aggregate number of Common Shares that may be reserved for issuance at any time under the Stock Option Plan, together with any Common Shares reserved for issuance under any other share

compensation arrangement implemented by the Company (including the Incentive Share Plan), is equal to 10% of Common Shares (on a non-diluted basis) outstanding at that time.

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

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

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

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

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

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

In the event of the Participant ceasing to be a director, officer, employee or consultant of the Company or its subsidiaries for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of the Company, or the termination by the Company of the employment of the Participant or the termination by the Company or the Participant of the consulting arrangement with the Participant), unvested Stock Options shall cease and terminate on the date notice of ceasing to be a director, officer, employee or consultant is given, and vested Stock Options held by such Participant shall

cease and terminate and be of no further force or effect on the earlier of the expiry time of the Stock Option and the 30th day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by the Company; or (iii) the date the notice of termination of the consulting agreement is given by the Company or the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Stock Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Company and shall be of no further force or effect whatsoever as to the Common Shares in respect of which Stock Option has not previously been exercised.

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

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

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

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

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

8.2 Incentive Share Plan

The purpose of the Company's Incentive Share Plan is to provide an effective incentive for Participants to promote the success and business of the Company and its affiliates, and to reward such Participants in relation to the long-term performance and growth of the Company by encouraging ownership of Common Shares.

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

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

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

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

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

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

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

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

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

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

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

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

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

- the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Incentive Shares; and
- the approval of the holders of a majority of Common Shares must be obtained for any amendment that would have the effect of:
 - increasing the number of Incentive Shares that may be granted under the Incentive Share Plan;
 - increasing the number of Common Shares that may be reserved for issuance under the Incentive Share Plan;
 - permitting the transferability of Incentive Shares, except pursuant to normal estate settlement purposes;

- reducing the payment required to be made by a Participant to the Company in the amount of \$0.05 for each Common Share issued pursuant to each Incentive Share held;
- extending the term of Incentive Shares granted beyond their original expiry date;
- changing the limits to the grant of Incentive Shares already established pursuant to the Incentive Share Plan with respect to non-employee director participation and Insiders; and
- amending the amendment provisions of the Touchstone Incentive Share Plan.

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

9. Employees

As at December 31, 2016, the Company had a total of 132 full-time employees. Of the 132, a total of 12 full-time-equivalents work at the Company's Canadian head office and the remainder of the employees work in Trinidad. Additional accounting, engineering, geological, and drilling consultants are engaged on an as-needed, contract basis to provide technical services.

The estimated total employees of the Company as at December 31, 2015 and December 31, 2014 was 156 and 222, respectively.

10. Material Contracts

Save for the Depositary Agreement described in paragraph 10.1.4 below which will be entered into prior to Admission, the following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Company in the two years immediately preceding the date of this Appendix Document or are subsisting agreements which are included within or which relate to the assets and liabilities of the Company (notwithstanding whether such agreements are (i) within the ordinary course or (ii) were entered into outside of two years immediately preceding the date of this Appendix Document).

10.1 Material Contracts relating to the Placing and Admission

10.1.1 Placing Agreement

In connection with the Placing, the Company, the Directors, Senior Management (being Scott Budau (Chief Financial Officer) and James Shipka (Chief Operating Officer) and the Banks entered into the Placing Agreement on May 25, 2017 under which SCS and GMP FirstEnergy agreed to use reasonable endeavours to procure Placees to subscribe for or purchase the Placing Shares at the Placing Price. The Placing Agreement is conditional on, inter alia, Admission occurring on June 26, 2017 or such later date (not being later than 8.00 am on July 31, 2017) as the Company, Shore Capital and GMP FirstEnergy may agree. The principal terms of the Placing Agreement are as follows:

- the Company has agreed to pay SCC, whether or not the Placing Agreement becomes unconditional, a corporate finance fee of £200,000;
- provided the Placing Agreement becomes unconditional, the Company will pay the Banks a commission of 6% of the aggregate value at the Placing Price of the Placing Shares (plus any applicable VAT);

- the Company, the Directors and Management have given certain warranties to the Banks as to the accuracy of the information in this Appendix Document and as to other matters relating to the Company. The liability of the Directors and Management under these warranties is limited in time and amount. The Company has given an indemnity to the Banks against any losses or liabilities arising out of the proper performance by the Banks of their duties under the Placing Agreement;
- the Banks may terminate the Placing Agreement before Admission in certain circumstances, including for material breach of the warranties referred to above.

10.1.2 Nominated Advisor and Broker Agreement

The Company entered into a Nominated Adviser and Broker Agreement with SCC and SCS, pursuant to which SCC has agreed to act as the Company's nominated adviser and SCS agreed to act as the Company's joint broker for a minimum period of 12 months from Admission ('initial term') and thereafter terminable by either party on three months' prior written notice after the expiry of the initial term. SCC undertakes to provide the services of a nominated adviser as required under the AIM Rules and the Company agree to comply with its obligations under the AIM Rules.

10.1.3 Joint Broker Agreement

The Company entered into a Joint Broker Agreement with GMP FirstEnergy, pursuant to which GMP FirstEnergy has agreed to act as the Company's joint broker for a minimum period of 12 months from Admission and thereafter terminable by either party on three months' prior written notice after the expiry of the initial term.

10.1.4 Depositary Agreement

A depositary services and custody services agreement between the Company and the Depositary (the "**Depositary Agreement**") relating to the Depositary's appointment as Depositary and custodian in relation to the Common Shares and the provision of depositary and custodian services in connection with the Depositary Interests.

The Depositary assumes certain specific obligations, including the obligation to provide copies of and access to the register of Depositary Interests. The Depositary may appoint a subsidiary or third party to provide the custody services. The Company agrees to provide all information and documentation to the Depositary as is required by the Depositary for the purposes of performing its duties, responsibilities and obligations under the Depositary Agreement. The Depositary Agreement sets out the procedures to be followed where the Company is to pay or make a dividend or other distribution.

The Company is to indemnify the Depositary for any loss it may suffer as a result of performing its obligations under the Depositary Agreement except to the extent that any losses result from the Depositary's own negligence, fraud or willful default. The Depositary is to indemnify the Company for any loss the Company may suffer as a result of in connection with the Depositary's fraud, negligence or willful default save that the aggregate liability of the Depositary to the Company over any 12 month period shall in no circumstances whatsoever exceed a multiple of the amount of the fees payable to the Depositary in any 12 month period in respect of a single claim or in the aggregate.

Subject to earlier termination, the Depositary is appointed for a fixed term of one year and thereafter until terminated by either party giving not less than 90 days' notice.

In the event of termination, the parties agree to phase out the arrangements envisaged by the Depositary Agreement in an efficient manner and without adverse effect on the shareholders and the Depositary shall deliver to the Company (or as it may direct) all documents, papers and other records relating to the register of Depositary Interests in its possession and which are the property of the Company.

The Company is to pay certain fees and charges, including a set-up fee, an annual services fee, a fee based on the number of deposits, transfers or cancellations of Depository Interests per year and certain CREST related fees.

The Depository is also entitled to recover reasonable out-of-pocket fees and expenses.

10.2 Material Contracts in relation to the assets of the Company

10.2.1 Exploration and Production (Public Petroleum Rights) Licenses

Primera Group has entered into five Exploration and Production License agreements with the MEEI (Crown Leases). The Crown Leases are standard form agreements. The primary term of each Crown Lease is 6 years, with rights to extend the term upon commercial discovery for a maximum of 25 years from the effective date. The Crown Leases are subject to a royalty of 12.5% and an escalating oil impost fee of TT\$0.52 per barrel. The Crown Leases award the following interests:

Crown Leases

| Property | Interests (Working/Economic) | Lease Type | Gross Acres | Working Interest Acres |
|---------------|---------------------------------|------------|-------------|---------------------------|
| Fyzabad | 100% | Crown | 94 | 94 |
| Palo Seco | 100% | Crown | 499 | 499 |
| Cory Moruga | 16.2% | Crown | 11,969 | 1,939 |
| East Brighton | 70% | Crown | 20,589 | 14,412 |
| Ortoire | 80% | Crown | 44,731 | 35,785 |

Certain of the Crown Leases have expired, but MEEI has permitted Primera Group to continue operations on the same terms and conditions until the Crown Leases are renewed.

10.2.2 Freehold Leases

Primera Group holds several freehold leases with individual landowners (“Freehold Leases”) granting exploration and production rights in the following licence areas:

Freehold Leases

| Property | Interests (Working/Economic) | Lease type | Gross Acres | Working Interest Acres |
|---------------|---------------------------------|------------|-------------|---------------------------|
| Barrackpore | 100% | Freehold | 211 | 211 |
| Fyzabad | 100% | Freehold | 470 | 470 |
| Icacos | 50% | Freehold | 1,947 | 974 |
| San Francique | 100% | Freehold | 1,351 | 1,351 |
| Bovallius | 100% | Freehold | 827 | 827 |
| Moruga | 100% | Freehold | 1,416 | 1,416 |
| New Grant | 100% | Freehold | 193 | 193 |
| Rousillac | 100% | Freehold | 235 | 235 |
| Siparia | 50% | Freehold | 111 | 56 |
| St. John | 100% | Freehold | 179 | 179 |

There are multiple Freehold Leases contained within these 12 licence areas. These Freehold Leases were granted to the predecessors in interest to the Operating Companies over the past sixty years.

The Freehold Leases are not in standard form, but typically provide for a term of 35 years with royalties ranging from 10.0% to 12.5%.

A number of the Freehold Leases have expired and are being renegotiated by Primera Group's land agents. The process of searching title in Trinidad is cumbersome as there is not a centralized land registry, and many of the original lessors have passed their interest in the Freehold Leases on to their descendants.

The expired Freehold Leases do not represent a material portion of Primera Group's production. In 2016 the production volumes from lands subject to the expired Freehold Leases represented ~2.0% of the Primera Group's total Trinidad production.

Notwithstanding the expiry of a number of the Freehold Leases, and following receipt of legal opinions received by Touchstone, Primera Group is continuing to recognize revenues on the producing leases given that: (i) Primera Group continues to act as operators; (ii) no title has been disputed; (iii) and Primera Group continues to pay all associated royalties and taxes.

During the course of the renewal negotiations, there has been no indication that any of the Freehold Leases will not be renewed. The continuation of production from expired Freehold Leases during the renegotiation process is common in Trinidad.

Although the Operating Companies are obligated to pay an oil import fee and remit to a decommissioning fund, there are no capital commitments, performance bonds, or similar obligations under the Freehold Leases.

10.2.3 Lease Operatorship Agreements

Touchstone Trinidad has entered into the following four Lease Operatorship Agreements ("LOAs"):

Lease Operatorship Agreements

| Property | Interests (Working/Economic) | Lease Type | Gross Acres | Working Interest Acres |
|----------|---------------------------------|--------------------|-------------|---------------------------|
| Coora 1 | 100% | Lease Operatorship | 1,230 | 1,230 |
| Coora 2 | 100% | Lease Operatorship | 469 | 469 |
| WD-4 | 100% | Lease Operatorship | 700 | 700 |
| WD-8 | 100% | Lease Operatorship | 650 | 650 |

In Trinidad, an LOA involves a Head Licence, and a Sub-Licence.

MEEI issues an exploration and production (public petroleum rights) license (the "Head Licence") to the Petrotrin. Petrotrin then issues the LOA (the "Sub-Licence") to the Operator.

The LOA contains a schedule of existing wells and provides the operator with certain rights and obligations with respect to the existing wells and the associated facilities. The operator is permitted to produce from specified formations within the existing wells. The LOAs also set out a series of work obligations to be performed by the Operator (the "Work Obligations").

The LOAs are amended from time to time by Supplemental Lease Agreements which set out the Work Obligations for five year periods.

Each of the four LOAs are standard form documents prepared by Petrotrin. They reference the Head Licence issued by MEEI to Petrotrin, and set out a series of rights and obligations including: (i) the term of the LOA; (ii) the right of the operator to renew the LOA for an additional period; (iii) ownership of petroleum; (iv) the obligation to comply with the Head Licence; (v) the obligations to carry out operations; (vi) the operational standard required; (vii) the delivery of petroleum; and (viii) the right of the operator to be paid by Petrotrin.

The LOAs also attach a series of schedules and appendices including: (ix) the list of existing wells; (x) royalties and pricing terms; (xi) local content requirements; and (xii) terms of the performance bond.

The LOAs do not utilize operating committees or management committees for decision making. Rather, decisions rest with the operator who is required to report to, and obtain approvals from, Petrotrin. The operator must prepare and submit a proposed work program to Petrotrin, and the operator and Petrotrin are required to “act in good faith” and “use reasonable endeavours to agree upon” the work program. Disputes are resolved by an independent third party selected jointly by the parties who shall serve as a mediator; failing which the dispute is to be resolved by arbitration.

The Work Obligations are set out on a “period basis” rather than on an annual basis. The period is defined as five years. The way in which the term “Work Obligation” is defined in the LOAs is ambiguous and it is not clear whether the Work Obligations must be satisfied each year, (i.e. on an annual basis), or whether the Work Obligations only need be completed within the period, (i.e. whether the obligations may be deferred from one year into the next year, provided that the obligations are ultimately completed prior to the last year in the period).

In Trinidad, as of the effective date, there are numerous operators who have not completed their Work Obligations for 2016. The practice of Petrotrin has been to audit the Work Obligations and, in the event that they have not been satisfied, request that the operator submit a plan for the completion of the Work Obligations. During March, 2017 Petrotrin issued such letters to all contractors holding LOAs including Touchstone Trinidad.

Touchstone Trinidad have obtained a legal opinion to determine whether the failure to complete the Work Obligations in 2016 would permit Petrotrin to terminate the LOAs. Legal counsel has expressed the opinion that no right of termination exists, in light of: (i) the wording of the LOAs; (ii) the position taken by Petrotrin, both during the audits and thereafter; (iii) the consistent practice of Petrotrin in dealing with deferred Work Obligations with all operators in country in 2016 and 2017; (iv) the modest cure obligations required under the LOAs; and (v) the fact that any steps required in order to cure any alleged breach have already been completed.

With respect to the cure provisions, given that the operator has already commenced preparatory work to drill the required wells, even if Petrotrin took the position that the failure to satisfy the Work Obligations within 2016 did constitute a breach of the LOAs, Petrotrin must serve notice.

In the event that Petrotrin did issue notice, (which appears unlikely given its recent correspondence), the operator is only required, (within seven days), to “... take all reasonable measures to begin to rectify the breach as promptly as reasonably possible under the circumstances ...”.

The operator has already done this, as the preparatory work for the drilling of the second period wells has commenced without any notice having been issued by Petrotrin.

With the Company’s year-end audit, Touchstone Trinidad’s Canadian legal advisors were asked to examine whether the preparatory work for the drilling of the second period wells was sufficient in light of recognized international oil and gas practice. They expressed the following opinions:

- Given that Petrotrin was aware of the fact that drilling did not occur in 2016, and elected not to issue notice to the operator, and in light of the fact that, upon receipt of notice, the operator would simply be required to “... begin to rectify the breach ...”, (which has already been done), we are of the opinion that Petrotrin was not entitled to, and will not be entitled to, terminate the LOA.
- In reaching these opinions counsel considered correspondence received from Petrotrin on March 15, 2017 in which Petrotrin requested a proposal from Touchstone Trinidad regarding the 2016 Work Obligations. These letters strengthen the position of Touchstone Trinidad. Had Petrotrin intended that these letters serve as formal notice of breach in accordance with the LOA, express

language to that effect was required. Counsel's view was that these letters do not constitute a notice of default.

Accordingly, it is Touchstone Trinidad's position that the deferral of the 2016 Work Obligations into 2017 will not have a material adverse effect on Touchstone Trinidad rights and interests under the LOAs.

10.2.4 Farmout Agreements

Touchstone Trinidad have entered into the following two Farmout Agreements ("**Farmout Agreements**"):

Farmout Agreements

| Property | Interests (Working/Economic) | Lease Type | Gross Acres | Working Interest Acres |
|-----------------|---------------------------------|-------------------|-------------|---------------------------|
| New Dome | 100% | Farmout Agreement | 69 | 69 |
| South Palo Seco | 100% | Farmout Agreement | 2,019 | 2,019 |

In Trinidad, the Farmout Agreements involve a Head Licence, and a Sub-Licence.

As is the case with the LOAs, with respect to the Farmout Agreements MEEI issues a Head Licence to Petrotrin. Petrotrin then enters into a Farmout Agreement with the operator.

The Farmout Agreements do not contain a schedule of existing wells in the way that the LOAs do. Rather, the Farmout Agreements grant the operator the right to drill and produce petroleum from the Farmout Lands, excluding specified deeper horizons and specified private rights areas. The Farmout Agreement also contains an obligation to perform certain work (the "**Work Obligations**").

Each of the Farmout Agreements are standard form documents prepared by Petrotrin. They reference the Head Licence issued by MEEI to Petrotrin, and set out a series of rights and obligations including: (i) the term of the Farmout Agreement; (ii) the right of the operator to renew the Farmout Agreement for an additional period; (iii) ownership of petroleum; (iv) the obligation to comply with the Head Licence; (v) the obligations to carry out operations; (vi) the operational standard required; (vii) the delivery of petroleum; and (viii) the right of the operator to be paid by Petrotrin.

The Farmout Agreements also attach a series of schedules and appendices including: (ix) a listing of wells; (x) royalties and pricing terms; (xi) local content requirements; and (xii) terms of the performance bond.

As is the case with the LOAs, the Farmout Agreements do not utilize operating committees or management committees for decision making. Rather, decisions rest with the operator who is required to report to, and obtain approvals from, Petrotrin. The operator must prepare and submit a proposed work program to Petrotrin, and the operator and Petrotrin are required to "act in good faith" and "use reasonable endeavours to agree upon" the work program. Disputes are resolved by an independent third party selected jointly by the parties who shall serve as a mediator; failing which the dispute is to be resolved by arbitration.

10.2.5 Crude Oil Agreement

On January 14, 1974, Premier Consolidated Oilfields Limited, Primera Group's predecessor in interest, and Trinidad and Tobago Oil Company Limited, Petrotrin's predecessor, entered into a Crude Oil Agreement whereby Petrotrin committed to purchase all petroleum crude oil produced by Primera Group from producing Trinidad properties. The agreement has an indefinite term and may be terminated by either party on three months' notice. The price was historically based upon a Venezuelan posted price, however the index has been discontinued. The price currently paid is a premium to the Petrotrin indexed price, paid in US dollars.

10.3 Financing Agreements

10.3.1 The Term Loan

On November 23, 2016, the Company and Crown Capital Fund IV, LP completed an arrangement for a \$15,000,000 five-year term loan agreement. The Term Loan replaced the Company's bank loan, which was discharged. The Term Loan matures on November 23, 2021 with no mandatory repayment of principal required until January 1, 2019. The Company is required to repay \$810,000 per quarter commencing on January 1, 2019 through October 1, 2021 and the then outstanding principal balance is repayable on the maturity date. The Term Loan bears a fixed interest rate of 8% per annum, payable quarterly in arrears from January 1, 2017. The Company has the ability to prepay the Term Loan at any time after May 23, 2018 and has the option to buy out all of the future royalty obligations if the Term Loan is prepaid in full. The Term Loan and the Company's obligations in respect of the Production Payment Agreement are principally secured by fixed and floating security interests over all present and after acquired assets of the Company and its subsidiaries. See Part I, paragraph 11 for further details on the Term Loan.

10.3.2 Production Payment Agreement

Concurrent with the Term Loan, the Company and Crown Capital Fund IV, LP entered into a Production Payment Agreement effective November 23, 2016, wherein the Company granted and set over a royalty payment over a five-year term. The royalty is defined as 1% of the sale proceeds, which are defined as the gross proceeds from the sale of the aggregate gross production attributable to the Company's participating interest in all current Trinidad properties. The royalty payment is calculated quarterly and payable 35 days subsequent to the end of each fiscal quarter. Touchstone has the option, concurrent with repayment of the Term Loan in full, to buyout the royalty obligation. The buyout shall be negotiated by both parties and calculated by the Company as prepared in internal forecasts discounted at 8% per annum.

10.3.3 Reimbursement Agreement

On November 16, 2016, the Company entered into a Reimbursement Agreement with The Bank of Nova Scotia ("**Scotia**") whereby the Company agreed to reimburse Scotia in consideration for Scotia maintaining an irrevocable standby letter of credit issued on December 18, 2014 in favour of the MEEI. The letter of credit has a current face value of US\$2,150,000 and an expiry date of December 18, 2017. To secure payment and performance of all debts, liabilities and obligations, the Company granted Scotia a security interest over an interest-bearing cash collateral account established with Scotia and property held in the account. Under the agreement, the Company is to reimburse Scotia on demand in the amount of each drawing under the letter of credit.

10.3.4 Hire Purchase Agreement

On May 1, 2015, Territorial Oilfield Management Services Limited ("**TOMS**") and Eagle-Ibis Consulting Ltd. ("**EIC**") entered into a Hire Purchase Agreement whereby EIC agreed to purchase from TOMS an international coil tubing unit and its associated equipment ("**Equipment Package**") on a hire-purchase basis for the sum of US\$870,000. Under the agreement, EIC shall not, without the prior written consent of TOMS, assign the agreement or any of its rights. TOMS may assign the agreement or any of its rights and may sell, assign, pledge, mortgage, charge or otherwise dispose of or deal with the Equipment Package or any part thereof or its interest therein or any part thereof TOMS may, in its absolute discretion, sub-contract any of its obligations under the Agreement. The agreement sets out a payment schedule for the Equipment Package that runs through May 1, 2019. On February 22, 2016, Touchstone Trinidad, TOMS and Eagle-Ibis Consulting Ltd. mutually agreed to vary the schedule for Periodic Payments as outlined in Appendix B of the Hire Purchase Agreement.

11. Working Capital

The Directors have no reason to believe that the working capital available to the Company will be insufficient for at least 12 months from the date of its Admission.

12. No Significant Change

Save as disclosed in this Appendix Document, there has been no significant change in the financial or trading position of the Company since December 31, 2016, the date to which the last audited accounts (available on the Company's website) were prepared.

13. Depository Agreement

The depository agreement is set out in paragraph 10.1.4 of this Part IV of this Appendix Document.

14. Litigation

Touchstone or its subsidiaries has not been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Appendix Document, a significant effect on the Company's consolidated financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any subsidiary.

15. Related Party Transactions

Save as disclosed below, there were no related party transactions between the Company that were entered into during the financial years ended December 31, 2016, 2015, 2014 or during the period between January 1, 2017 and May 24, 2017 (being the latest practicable date prior to the publication of this Appendix Document).

The Company was formerly a party to transactions with Lightstream and Alvo Petro Energy Ltd., which were related parties to the Company due to common directors. The transactions included management fees and natural gas purchased for the Company's Canadian operation segment from Lightstream and an office sub-lease with Alvo Petro Energy Ltd. All related party transactions were recorded at fair value.

Related Party Transactions

| (\$000's) | Year ended December 31, | | |
|---|-------------------------|------------|-------------|
| | 2016 | 2015 | 2014 |
| Office rent charged to Alvo Petro Energy Ltd. | 85 | 259 | 248 |
| Gas purchased from Lightstream Resources Ltd. | - | 146 | 700 |
| Management fees charged by Lightstream Resources Ltd. | - | - | 60 |
| Related party transactions | 85 | 406 | 1008 |

The Company has determined that the key management personnel of the Company are comprised of its directors and three executive officers. Key management personnel compensation paid or payable was included in the table below.

Key Management Compensation

| (\$000's) | Year ended December 31, | | |
|---|-------------------------|--------------|-------------|
| | 2016 | 2015 | 2014 |
| Salaries, director fees and short-term benefits | 1,258 | 1,036 | 1,725 |
| Termination benefits | - | 523 | 456 |
| Share-based compensation | 224 | 297 | 372 |
| Key management compensation | 1,482 | 1,856 | 2553 |

There are no other persons (excluding professional advisers otherwise disclosed in the Announcement and this Appendix Document or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this Appendix Document or with whom the Company has entered into contractual arrangements (not otherwise disclosed in this Appendix Document) to receive, directly or indirectly from the Company on or after Admission fees or securities in the Company or any other benefit, with a value of £10,000 or more at the date of Admission, other than the following payments:

- \$20,000 to Bordeaux Capital Inc. in connection with financial advisory services; and
- \$300,000 to Crown Capital Fund IV, LP in connection with the Term Loan.

16. UK Tax Summary

16.1 Introduction

The information in this paragraph is based on the Directors' understanding of current UK tax law and HM Revenue & Customs' published practice as at the date of this Appendix Document, which are subject to change at any time, possibly with retrospective effect. The information is intended as a general guide only and apply only to certain shareholders who are resident (and in the case of individuals, domiciled) in the UK for tax purposes (except to the extent that specific reference is made to shareholders resident outside the UK), who hold their Common Shares as investments and who are the absolute beneficial owners of those Common Shares and any dividends paid on them.

The following is a summary and should not be construed as constituting advice. It does not deal with the position of certain classes of shareholders who are subject to special rules, such as dealers in securities, traders, banks, financial institutions, investment companies, tax exempt organisations, broker dealers, insurance companies, collective investment schemes, persons connected with the Company or shareholders who have or are deemed to have acquired their Common Shares by virtue of an office or employment. shareholders who are in doubt as to their position or who are subject to tax in any jurisdiction other than the UK should consult their own professional advisers immediately.

An investment in the Company involves a number of complex tax considerations. Changes in law, practice of a tax or fiscal authority or in the interpretation of law in any of the countries in which the Company (or any subsidiary of the Company) has assets or carries on business, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to investors.

Prospective shareholders are strongly advised to take independent tax advice from their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Common Shares under the laws of their country and/or state of citizenship, domicile or residence.

16.2 Tax treatment of the Company

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment.

16.3 Tax treatment of Shareholders

Disposals of Common Shares

A disposal or deemed disposal of Common Shares by shareholders who are resident in the UK for taxation purposes may, depending upon the shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains. For UK tax resident individuals, capital gains are chargeable at 10 per cent. or 20 per cent. depending on the individual's total taxable income and gains, subject to certain reliefs and exemptions. The rate for trustees is 20 per cent. For UK corporate shareholders any gain would be chargeable to UK corporation tax at a rate of 19 per cent.

Shareholders who are not resident in the UK (and are not temporarily non-resident) generally will not be subject to UK tax on chargeable gains realised on the disposal or deemed disposal of Common Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Common Shares are used, held or acquired. Non-UK tax resident shareholders may be subject to non-UK taxation on any gain under local law.

Taxation of dividends

Under current UK tax legislation, no tax is withheld from dividends paid by the Company.

For UK tax resident individuals, from April 6, 2016 the UK's notional dividend tax credit system was abolished. Instead, UK individuals are given an effective tax-free allowance of £5,000 on dividend income per year. Dividend income in excess of £5,000 (although this is due to reduce to £2,000 for dividends received in the tax year commencing April 6, 2018 and subsequent years as a result of recently announced changes) on dividend income per year. Dividend income in excess of the tax-free allowance will be taxed at the following rates:

- 7.5% (basic rate taxpayers);
- 32.5% (high rate taxpayers); and
- 38.1% (additional rate taxpayers).
- Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company (because the Company is resident in a "qualifying territory" for the purposes of the legislation contained in the Corporation Tax Act 2009).

- Dividends paid on the Common Shares to other shareholders within the charge to UK corporation tax will generally (subject to anti-avoidance rules) fall within one or more of the classes of dividend qualifying for exemption from corporation tax. In general, dividends paid on shares that are “ordinary share capital” for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class. In the event that the dividends do not qualify for such exemption, shareholders within the charge to UK corporation tax will be subject to corporation tax on them. Shareholders within the charge to corporation tax are advised to consult their independent professional tax advisers in relation to the implications of this legislation.

Shareholders who are not resident in the UK will not generally be subject to UK corporation tax on dividends unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Common Shares are used, held or acquired. A shareholder resident outside the UK may be subject to non-UK taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

16.4 Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The statements below summarise the current UK Stamp Duty and SDRT position and are intended as a general guide only. Certain categories of person may not be liable to Stamp Duty or SDRT, and special rules apply to agreements made by certain categories of persons including intermediaries, brokers, dealers and persons connected with depository receipt systems and CREST services, who may be liable to Stamp Duty or SDRT at a higher rate or may, although not primarily liable for the tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

The Offer

No UK Stamp Duty or SDRT should arise on the issue of the Common Shares pursuant to the Placing.

Subsequent transfers outside of Depository Receipt Systems and CREST

The transfer on sale of Common Shares held in certificated form should not give rise to any liability to ad valorem Stamp Duty, unless the transfer document is signed in the UK, or relates to any matter or thing done or to be done in the UK.

Sales of Common Shares where the transfer document is signed in the UK or which relate to any matter or thing done or to be done in the UK will generally be liable to ad valorem Stamp Duty at the rate of 0.5% (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. An exemption from Stamp Duty will be available on an instrument transferring Common Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. The purchaser normally pays the Stamp Duty.

An unconditional agreement to transfer Common Shares will not normally give rise to SDRT, provided that (i) the Common Shares are not registered on a share register kept in the UK, and (ii) the Common Shares are not paired with shares issued by a body corporate incorporated in the UK.

17. Certain Canadian Federal Income Tax Considerations

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the “**Canadian Tax Act**”) generally applicable to an investor who acquires, as beneficial owner, Common

Shares pursuant to the Placing who, at all relevant times and for purposes of the Canadian Tax Act (i) is not, and is not deemed to be, resident in Canada, (ii) holds the Common Shares as capital property, (iii) does not, and will not be deemed to use or hold the Common Shares in the course of carrying on a business in Canada, (iv) deals at arm's length with the Company, and (v) is not affiliated with the Company (a "**Non-Resident Holder**"). This summary does not apply to a Non-Resident Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere and such holders should consult their own tax advisors.

Common Shares will generally be considered to be capital property to a Non-Resident Holder unless the Non-Resident Holder acquires or holds such Common Shares in the course of carrying on a business or in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the provisions of the Canadian Tax Act in force on the date hereof and our understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all such Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies and assessing practices of the CRA, nor does it take into account the laws of any province or territory of Canada or of any jurisdiction outside of Canada, which may differ from those discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Non-Resident Holder. Non-Resident Holders should consult their own tax advisors having regard to their own particular circumstances.

17.1 Currency Conversion

Generally, for purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of the Common Shares must be determined in Canadian dollars. Any amount denominated in a currency other than Canadian currency must be converted into Canadian dollars, generally at the single day exchange rate quoted by the Bank of Canada on the date the amount first arose (or if there is no such rate quoted for the applicable day, the closest preceding day for which such a rate is quoted) or such other rate of exchange acceptable to the CRA.

17.2 Dividends

A dividend paid or credited (or deemed under the Canadian Tax Act to be paid or credited) on the Common Shares to a Non-Resident Holder will generally be subject to Canadian withholding tax under the Canadian Tax Act at a rate of 25%, subject to any reduction in the rate of such withholding under the provisions of an applicable income tax treaty or convention.

Where a Non-Resident Holder is a resident of the United Kingdom for purposes of *Canada-United Kingdom Income Tax Convention* (1978), is fully entitled to the benefits thereof, and is the beneficial owner of the dividends, the applicable rate of Canadian withholding tax will generally be reduced to 15%. Non-Resident Holders who may be eligible for a reduced rate of withholding tax on dividends pursuant to an applicable income tax treaty or convention should consult with their own tax advisors.

17.3 Disposition of Shares

A Non-Resident Holder will not generally be subject to tax under the Canadian Tax Act in respect of a capital gain realized on a disposition or deemed disposition of a Common Share unless the Common

Share is or is deemed to be “taxable Canadian property” of the Non-Resident Holder for the purposes of the Canadian Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, provided that the Common Shares are listed on a “designated stock exchange” for purposes of the Canadian Tax Act (which currently includes the TSX), the Common Shares will not be taxable Canadian property to a Non-Resident Holder unless, at any time during the 60-month period that ends at the time of the disposition or deemed disposition of the Common Shares: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm’s length (within the meaning of the Canadian Tax Act), partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder does not deal at arm’s length held a membership interest directly or indirectly through one or more partnerships, or any combination thereof, owned 25% or more of the issued shares of any class or series of the capital stock of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of (a) real or immovable property situated in Canada, (b) “Canadian resource properties” (as defined in the Canadian Tax Act), (c) “timber resource properties” (as defined in the Canadian Tax Act), or (d) options in respect of, or interests in, or, for civil law, rights in, any of the foregoing property, whether or not the property exists. Notwithstanding the foregoing, Common Shares may be deemed to be taxable Canadian property to a Non-Resident Holder in circumstances specified in the Canadian Tax Act. Non-Resident Holders whose Common Shares may constitute taxable Canadian property should consult their own tax advisors.

18. Consents

FirstEnergy Capital LLP has given and not withdrawn its consent to the inclusion of its name and references to it in this Appendix Document in the form and context in which they appear.

GLJ Petroleum Consultants Ltd. has given and not withdrawn its consent to the inclusion of its name and references to it in this Appendix Document in the form and context in which they appear.

Shore Capital and Corporate Limited has given and not withdrawn its consent to the inclusion of its name and references to it in this Appendix Document in the form and context in which they appear.

Shore Capital Stockbrokers Limited has given and not withdrawn its consent to the inclusion of its name and references to it in this Appendix Document in the form and context in which they appear.

FORWARD-LOOKING STATEMENTS

The information provided in this Appendix Document 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, forward-looking statements contained in this Appendix Document include, but are not limited to, statements with respect to:

- the Admission, including the expected commencement of dealings thereunder and benefits therefrom;
- the private placement, including the number of Placing Shares, the Placing Price, the gross proceeds generated therefrom and the anticipated uses of those proceeds;
- operating and development costs;
- estimated reserves, including the life index thereof and the discounted present value of future net revenues therefrom;
- the terms of the Company’s contractual commitments and the Company’s compliance therewith, including fulfillment of minimum work obligations and repayment of loans.
- the Company’s operational strategy, including targeted jurisdictions and technologies used to execute its strategy;
- financial and business prospects and financial outlook;
- results of operations;
- crude oil production levels;
- the size of, and future net revenue from, oil and natural gas reserves;
- the quantity of the Company’s reserves;
- projections of market prices and costs;

- supply and demand for oil and natural gas;
- the performance characteristics of the Company's oil and natural gas properties;
- drilling and recompletion plans, and the anticipated timing thereof;
- exploration, development and associated operational plans and strategies, and the anticipated timing of, and sources of funding for, such activities; and
- timing of development of undeveloped reserves;
- future capital expenditures, the timing thereof and the method of funding;
- activities to be undertaken in various areas including the fulfillment of minimum work obligations and exploration commitments;
- terms of the Company's contractual commitments and their timing of settlement;
- terms of exploration and production contracts and the expected renewal of certain contracts;
- the Company's expectations regarding its ability to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties;
- expectations regarding the ability of the Company to add continually to reserves through acquisitions and development;
- the potential of future acquisitions or dispositions;
- The Company's future dividend policy;
- the Company's risk management strategy and the use of commodity derivatives to manage movements in the price of crude oil;
- treatment under governmental regulatory regimes and tax laws;
- the Company's position related to its Trinidad uncertain tax positions;
- tax horizon, royalty rates and future tax and royalty rates enacted in the Company's areas of operations;
- foreign currency risk and the ability to reverse unrealized foreign exchange gains and losses in the future;
- access to facilities and infrastructure;
- the issuance of securities of Touchstone;
- receipt of anticipated regulatory approvals;
- the Company's future sources of liquidity;
- the Company's future compliance with its Term Loan covenants;

- estimated amounts, timing and the anticipated sources of funding for the Company's decommissioning obligations; and
- effect of business and environmental risks on the Company.

Statements relating to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. Such statements represent the Company's internal projections, estimates or beliefs concerning future growth, results of operations based on information currently available to the Company based on assumptions that are subject to change and are beyond the Company's control, such as: production rates and production decline rates, the magnitude of and ability to recover oil and gas reserves, plans for and results of drilling activity, well abandonment costs and salvage value, the ability to secure necessary personnel, equipment and services, environmental matters, future commodity prices, changes to prevailing regulatory, royalty, tax and environmental laws and regulations, the impact of competition, future capital and other expenditures (including the amount, nature and sources of funding thereof), future financing sources, business prospects and opportunities, risk that the Company will not be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties and risks related to lawsuits, among other things. The risks discussed herein under "Risk Factors", and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

The Company is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results. The Company is exposed to risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, ability to attract and retain qualified employees on a cost-effective basis, commodity and marketing risk. The Company is subject to significant drilling risks and uncertainties including the ability to find oil reserves on an economic basis and the potential for technical problems that could lead to well blow-outs and environmental damage. The Company is exposed to risks relating to the inability to obtain timely regulatory approvals, surface access, access to third party gathering and processing facilities, transportation and other third party related operation risks. The Company is subject to industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced. There are uncertainties in estimating the Company's reserve base due to the complexities in estimated future production, costs and timing of expenses and future capital. The Company is subject to the risk that it will not be able to fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its properties. The financial risks the Company is exposed to include, but are not limited to, the impact of general economic conditions in Canada and Trinidad, continued volatility in market prices for oil, the impact of significant declines in market prices for oil, the ability to access sufficient capital from internal and external sources, changes in income tax laws or changes in tax laws, royalties and incentive programs relating to the oil and gas industry, fluctuations in interest rates, the Canadian dollar to United States dollar exchange rate and the Canadian dollar to Trinidad and Tobago dollar exchange rate. The Company is subject to local regulatory legislation, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties or production restrictions or the termination of licence, lease operating or farm-in rights related to the Company's oil and gas interests in Trinidad.

The Company has made assumptions regarding, but not limited to: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; uninterrupted access to

infrastructure; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; recoverability of reserves; royalty rates; future operating costs; receipt of regulatory approvals; that the Company will have sufficient cash flows, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company's conduct and results of operations will be consistent with its expectations; that the Company will have the ability to develop the Company's oil and natural gas properties in the manner currently contemplated; the current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of the Company's reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that the Company will be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other matters.

Forward-looking statements and other information contained herein concerning the oil and natural gas industry in the countries in which the Company operates and the Company's general expectations concerning this industry are based on estimates prepared by Management using data from publicly available industry sources as well as from resource reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any material misstatements regarding any industry data presented herein, the oil and natural gas industry involves numerous risks and uncertainties and is subject to change based on various factors.

Actual results, performance or achievement could differ materially from that expressed in, or implied by any forward-looking statements or information in this Appendix Document, 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 Appendix Document 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.

ADVISORY ON RESERVE INFORMATION

Oil and Natural Gas Reserves

The reserves information summarized in this Appendix Document is from the Competent Person's Report. The Competent Person's Report was prepared in compliance with the "AIM Note for Mining, Oil and Gas Companies, June 2009" as published by the London Stock Exchange. The effective date of the evaluation is December 31, 2016. The report was prepared in accordance with reserves definitions, standards and procedures contained in the 2011 Petroleum Resource Management System (as defined by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and the Society of Petroleum Evaluation Engineers). In addition, the evaluation was also prepared to meet disclosure requirements in accordance with procedures outlined in the Canadian Securities Administrators document, NI 51-101.

The recovery and reserves estimates of crude oil provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided herein. 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. The reserves evaluator forecasts reserve volumes and future cash flows based upon current and historical well performance through to the economic production limit of individual wells. It should not be assumed that the present worth of estimated future net revenues presented in this Appendix Document represent the fair market value of the reserves. Notwithstanding established precedence and contractual options for the continuation and renewal of the Company's existing operating agreements, in many cases the forecast economic limit of individual wells are beyond the current term of the relevant operating agreements. There is no certainty as to any renewal of the Company's existing operating arrangements.

This Appendix Document discloses an estimate of proved plus probable plus possible reserves. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Drilling Locations

This Appendix Document discloses drilling and recompletion locations in three categories: (i) proved locations; (ii) proved plus probable locations; and (iii) unbooked locations. Proved locations and proved plus probable locations are derived from the Company's independent reserves report prepared by GLJ dated effective December 31, 2016 and account for locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the prospective acreage associated with the Company's assets and an assumption as to the number of wells that can be drilled/recompleted based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the 208 (net) drilling locations identified herein, 52 are proved locations, 26 are probable locations and the remaining are unbooked locations.

Oil and Gas Metrics

This Appendix Document contains certain oil and gas metrics that are commonly used in the oil and gas industry such as finding and development costs, reserves additions and reserves replacement ratio. These metrics do not have standardized meanings or standardized methods of calculation and therefore such measures may not be comparable to similar measures presented by other companies. Such metrics have been included herein to provide readers with additional metrics to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company, and future performance may not compare to the performance in prior periods and therefore such metrics should not be unduly relied upon. The Company uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this Appendix Document, should not be relied upon for investment purposes.

Finding and development costs are the sum of capital expenditures excluding capitalized general and administrative costs incurred in the period and the change in future development costs required to develop those reserves. Finding and development costs per barrel is determined by dividing current period net reserve additions to the corresponding period's finding and development cost. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Reserve additions are calculated as the change in reserves from the beginning to the end of the applicable period excluding period production. Reserves replacement ratio is calculated as period reserve additions divided by period production. Reserve life index is calculated as total Company net reserves divided by annual production.

COPIES OF THIS APPENDIX DOCUMENT AND ADDITIONAL INFORMATION

Copies of this Appendix Document will be available to the public free of charge at the registered office of the Company at Suite 3700, 400 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 during normal business hours on any weekday (other than Saturdays, Sundays and public holidays), for a period of at least one month from the date of Admission. This Appendix Document will also be available for download from the Company's website at <http://www.touchstoneexploration.com>.

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 security holders 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.