

ANNOUNCEMENT TO BE MADE BY THE AIM APPLICANT PRIOR TO ADMISSION IN ACCORDANCE WITH RULE 2 OF THE AIM RULES FOR COMPANIES (“AIM RULES”)

COMPANY NAME:

TOUCHSTONE EXPLORATION INC (“**TOUCHSTONE EXPLORATION**” OR THE “**COMPANY**”)

COMPANY REGISTERED OFFICE ADDRESS AND IF DIFFERENT, COMPANY TRADING ADDRESS (INCLUDING POSTCODES):

REGISTERED OFFICE

Suite 3700, 400 3rd Avenue SW
Calgary, Alberta, Canada
T2P 4H2

HEAD OFFICE

Suite 4100, 350 7th Avenue SW
Calgary, Alberta, Canada
T2P 3N9

COUNTRY OF INCORPORATION:

Canada

COMPANY WEBSITE ADDRESS CONTAINING ALL INFORMATION REQUIRED BY AIM RULE 26:

www.touchstoneexploration.com

COMPANY BUSINESS (INCLUDING MAIN COUNTRY OF OPERATION) OR, IN THE CASE OF AN INVESTING COMPANY, DETAILS OF ITS INVESTING POLICY). IF THE ADMISSION IS SOUGHT AS A RESULT OF A REVERSE TAKE-OVER UNDER RULE 14, THIS SHOULD BE STATED:

The Company is an oil exploration and production company active in the Republic of Trinidad and Tobago, where it is one of the largest independent onshore producers with interests of approximately 90,000 gross acres (64,000 net working interest acres) of exploration and development rights. The Company currently produces approximately 1,300 barrels of crude oil per day from its onshore properties.

The Company’s core focus is on developing production on its four onshore lease operatorship properties and its Fyzabad onshore property. Touchstone is the operator and has a 100% working interest in each of these key properties, details of which are as follows:

- Coora 1 & 2 – 1,699 working interest acres with 2.78 million barrels of proved reserves;
- WD-4 – 700 working interest acres with 2.23 million barrels of proved reserves;
- WD-8 – 650 working interest acres with 2.20 million barrels of proved reserves; and
- Fyzabad – 564 working interest acres with 1.11 million barrels of proved reserves.

In addition, the Company has a number of small undeveloped exploration properties and two larger exploration blocks being:

- East Brighton – a 20,589 gross acre offshore exploration block in which the Company has a 70% working interest; and
- Ortoire – a 44,731 gross acre onshore exploration block in which the Company has an 80% working interest.

Touchstone's strategy is to leverage on the Board's enhanced oil recovery experience and capability with international onshore properties to create shareholder value. In March 2017, Touchstone announced the commencement of its 2017 capital programme. The programme consists of the recompletion of 24 wells and the drilling of four wells.

The net proceeds of the Placing Shares together with the existing cash balance of the Company is expected to be used to review the drilling programme and for general working capital purposes.

DETAILS OF SECURITIES TO BE ADMITTED INCLUDING ANY RESTRICTIONS AS TO TRANSFER OF THE SECURITIES (i.e. where known, number and type of shares, nominal value and issue price to which it seeks admission and the number and type to be held as treasury shares):

The Common Shares (via Depositary Interests through CREST) will be freely transferable on AIM. However, in respect of the 20,000,000 new Common Shares being issued pursuant to the placing (the "Placing Shares") in connection with the admission to AIM ("Admission"), there is a temporary restriction on the transfer of such Common Shares, 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 shares are issued (the "Initial Restricted Period"). During the Initial Restricted Period trading of the Placing Shares will not constitute "good delivery" on the Toronto Stock Exchange ("TSX").

The restriction on such transfers is described more fully in the appendix to this Schedule One announcement, which will be available on the Company's website. Such restriction will lapse following the Initial Restriction Period and all of the Company's Common Shares, including the Placing Shares, will be freely transferable on the TSX.

On Admission the following shares will be admitted to trading on AIM:

Existing Common Shares

83,137,143 common shares of no par value, under the ticker TXP.

Placing Shares

20,000,000 common shares of no par value, under the ticker TXPR.

The Placing Shares will be subject to the restrictions set out above, the two lines of stock will merge on conclusion of the Initial Restricted Period.

CAPITAL TO BE RAISED ON ADMISSION (IF APPLICABLE) AND ANTICIPATED MARKET CAPITALISATION ON ADMISSION:

£1.45 million of capital to be raised on Admission.

Market capitalisation of c.£7.5 million on Admission, based on the Placing Shares price.

PERCENTAGE OF AIM SECURITIES <u>NOT IN PUBLIC HANDS AT ADMISSION:</u>				
20.2%				
DETAILS OF ANY OTHER EXCHANGE OR TRADING PLATFORM TO WHICH THE AIM COMPANY HAS APPLIED OR AGREED TO HAVE ANY OF ITS SECURITIES (INCLUDING ITS AIM SECURITIES) ADMITTED OR TRADED:				
Touchstone is listed on the TSX under the ticker TXP. The Company will continue to be listed and traded on the TSX following Admission.				
FULL NAMES AND FUNCTIONS OF <u>DIRECTORS</u> AND PROPOSED DIRECTORS (underlining the first name by which each is known or including any other name by which each is known):				
<p><u>John</u> David Wright – Non-Executive Chairman <u>Paul</u> Raymond Baay – President and Chief Executive Officer <u>Kenneth</u> Richard McKinnon – Independent Non-Executive Director <u>Thomas</u> Edward Valentine – Independent Non-Executive Director <u>Harrie</u> Vredenburg - Independent Non-Executive Director <u>Corey</u> Christopher Ruttan* -- Independent Non-Executive Director</p> <p><u>Note:</u> * <u>Corey</u> Christopher Ruttan will be stepping down at the Company’s forthcoming annual general and special meeting and will not be a director on admission of the Company to trading on AIM.</p>				
FULL NAMES AND HOLDINGS OF <u>SIGNIFICANT SHAREHOLDERS</u> EXPRESSED AS A PERCENTAGE OF THE ISSUED SHARE CAPITAL, BEFORE AND AFTER ADMISSION (underlining the first name by which each is known or including any other name by which each is known):				
<u>Name</u>	Number of Ordinary Shares held	Currently Percentage of issued share capital	On Admission Number of Ordinary Shares held	Percentage of issued share capital
Polar Asset Management Partners Inc	14,719,000	17.70	14,719,000	14.27
<u>City Financial Investment Company</u>	Nil	Nil	6,910,345	6.70
<u>John</u> David Wright	4,745,027	5.71	4,745,027	4.60
NAMES OF ALL PERSONS TO BE DISCLOSED IN ACCORDANCE WITH SCHEDULE 2, PARAGRAPH (H) OF THE AIM RULES:				
N/A				
(i) ANTICIPATED ACCOUNTING REFERENCE DATE				
(ii) DATE TO WHICH THE <u>MAIN FINANCIAL INFORMATION</u> IN THE ADMISSION DOCUMENT HAS BEEN PREPARED (this may be represented by unaudited interim financial information)				
(iii) DATES BY WHICH IT MUST PUBLISH ITS FIRST THREE REPORTS PURSUANT TO AIM RULES 18 AND 19:				
i) 31 December				

- ii) Not applicable – Touchstone is listed on the TSX, last published full year results were to 31 December 2016
- iii) Half yearly report to 30 June 2017 – notified by 30 September 2017
- iv) Annual report to 31 December 2017 – published by 30 June 2018
- v) Half yearly report to 30 June 2018 – notified by 30 September 2018

EXPECTED ADMISSION DATE:

June 26, 2017

NAME AND ADDRESS OF NOMINATED ADVISER:

Shore Capital and Corporate Limited
 Bond Street House
 14 Clifford Street
 London W1S 4JU

NAME AND ADDRESS OF BROKER:

Shore Capital Stockbrokers Limited
 Bond Street House
 14 Clifford Street
 London, W1S 4JU

FirstEnergy Capital LLP
 85 London Wall
 London, EC2M 7AD

OTHER THAN IN THE CASE OF A QUOTED APPLICANT, DETAILS OF WHERE (POSTAL OR INTERNET ADDRESS) THE ADMISSION DOCUMENT WILL BE AVAILABLE FROM, WITH A STATEMENT THAT THIS WILL CONTAIN FULL DETAILS ABOUT THE APPLICANT AND THE ADMISSION OF ITS SECURITIES:

N/A - Quoted applicant

DATE OF NOTIFICATION:

May 25, 2017

NEW/ UPDATE:

New

QUOTED APPLICANTS MUST ALSO COMPLETE THE FOLLOWING:

THE NAME OF THE AIM DESIGNATED MARKET UPON WHICH THE APPLICANT'S SECURITIES HAVE BEEN TRADED:

The Company has been admitted to the TSX (Ticker: TXP)

THE DATE FROM WHICH THE APPLICANT'S SECURITIES HAVE BEEN SO TRADED:

May 13, 2014

CONFIRMATION THAT, FOLLOWING DUE AND CAREFUL ENQUIRY, THE APPLICANT HAS ADHERED TO ANY LEGAL AND REGULATORY REQUIREMENTS INVOLVED IN HAVING ITS SECURITIES TRADED UPON SUCH A MARKET OR DETAILS OF WHERE THERE HAS BEEN ANY BREACH:

Confirmed

AN ADDRESS OR WEB-SITE ADDRESS WHERE ANY DOCUMENTS OR ANNOUNCEMENTS WHICH THE APPLICANT HAS MADE PUBLIC OVER THE LAST TWO YEARS (IN CONSEQUENCE OF HAVING ITS SECURITIES SO TRADED) ARE AVAILABLE:

<http://www.touchstoneexploration.com/>

DETAILS OF THE APPLICANT'S STRATEGY FOLLOWING ADMISSION INCLUDING, IN THE CASE OF AN INVESTING COMPANY, DETAILS OF ITS INVESTING STRATEGY:

Touchstone's strategy is to leverage on the Board's enhanced oil recovery experience and capability with international onshore properties to create shareholder value. The Board's focus is on a successful execution of recompletions and drilling to drive an expansion in production.

In March 2017, Touchstone announced the commencement of its 2017 capital programme. The programme consists of the recompletion of 24 wells and the drilling of four wells.

The net proceeds of the Placing Shares together with the existing cash balance of the Company is expected to be used to review the 2017 drilling programme and for general working capital purposes.

A DESCRIPTION OF ANY SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION OF THE APPLICANT, WHICH HAS OCCURRED SINCE THE END OF THE LAST FINANCIAL PERIOD FOR WHICH AUDITED STATEMENTS HAVE BEEN PUBLISHED:

Save as announced by the Company in announcements made in accordance with the rules of the TSX, including the unaudited interim consolidated financial statements for the quarter ended March 31, 2017, there has been no significant change in the financial or trading position of the Company since December 31, 2016, being the end of the last financial period for which audited statements have been published.

A STATEMENT THAT THE DIRECTORS OF THE APPLICANT HAVE NO REASON TO BELIEVE THAT THE WORKING CAPITAL AVAILABLE TO IT OR ITS GROUP WILL BE INSUFFICIENT FOR AT LEAST TWELVE MONTHS FROM THE DATE OF ITS ADMISSION:

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.

DETAILS OF ANY LOCK-IN ARRANGEMENTS PURSUANT TO RULE 7 OF THE AIM RULES:

There will be no lock-in period since the Company's main business has been independent and

revenue earning for over two years.

A BRIEF DESCRIPTION OF THE ARRANGEMENTS FOR SETTLING THE APPLICANT'S SECURITIES:

To be traded on AIM, securities must be able to be transferred and settled through the CREST system.

The Company, through its Depositary, will have a facility whereby (pursuant to a depository deed executed by the Depositary) Depositary Interests, representing Common Shares, will be issued by the Depositary to persons who wish to hold the Common Shares in electronic form within the CREST system. Under the depository deed, the Depositary (or its nominee) will hold Common Shares in certificated form on trust for shareholders and it will issue uncertificated Depositary Interests (on a one-for-one basis) representing those underlying Common Shares and provide the necessary custodian services. The relevant Shareholders will retain the beneficial interest in the Common Shares held through the Depositary Interest facility and voting rights, dividends or any other rights relating to those Common Shares will be passed on by the Depositary (or its nominee) in accordance with the terms of the depository deed. The Depositary Interests can then be traded and settlement can be effected within the CREST system in the same way as any other CREST security.

Common Shares will remain listed and traded on the TSX with trades settled electronically.

A WEBSITE ADDRESS DETAILING THE RIGHTS ATTACHING TO THE APPLICANT'S SECURITIES:

www.touchstoneexploration.com

INFORMATION EQUIVALENT TO THAT REQUIRED FOR AN ADMISSION DOCUMENT WHICH IS NOT CURRENTLY PUBLIC:

Any information equivalent to that required for an admission document which is not currently public is included in the appendix to this Schedule One announcement and which will be available on the Company's website (www.touchstoneexploration.com).

A WEBSITE ADDRESS OF A PAGE CONTAINING THE APPLICANT'S LATEST ANNUAL REPORT AND ACCOUNTS WHICH MUST HAVE A FINANCIAL YEAR END NOT MORE THEN NINE MONTHS PRIOR TO ADMISSION AND INTERIM RESULTS WHERE APPLICABLE. THE ACCOUNTS MUST BE PREPARED IN ACCORDANCE WITH ACCOUNTING STANDARDS PERMISSIBLE UNDER AIM RULE 19:

www.touchstoneexploration.com

THE NUMBER OF EACH CLASS OF SECURITIES HELD IN TREASURY:

No Common Shares are held in treasury.