



NOTICE OF ANNUAL GENERAL MEETING

and

MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

WITH RESPECT TO THE

ANNUAL GENERAL MEETING OF SHAREHOLDERS OF TOUCHSTONE EXPLORATION INC.

TO BE HELD ON MAY 20, 2015

April 17, 2015

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TOUCHSTONE EXPLORATION INC.
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
to be held May 20, 2015

NOTICE IS HEREBY GIVEN that an annual meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Touchstone Exploration Inc. ("**Touchstone**" or the "**Company**") will be held on May 20, 2015 located at the 2nd Floor of the Centrium Tower Conference Centre, 332-6th Avenue S.W., Calgary, Alberta, Canada at 9:00 a.m. (Calgary time) for the following purposes:

1. to receive the financial statements as at the year-ended December 31, 2014 and the report of the auditors thereon;
2. to elect the directors of Touchstone for the ensuing year;
3. to appoint Ernst & Young LLP the auditors of Touchstone for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. to approve all unallocated options under the stock option plan of the Company;
5. to confirm the existing shareholder rights plan of the Company; and
6. to transact such further and other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

Specific details of the matters to be put before the Meeting are set forth in the proxy statement and information circular of the Company dated April 17, 2015 for more detailed information with respect to the matters to be considered at the Meeting.

If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Computershare Trust Company of Canada, the registrar and transfer agent of the Company, at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by facsimile, at 1-866-249-7775 (Toll Free) or 1-416-263-9524 (Outside North America), by no later than 9:00 a.m. (Calgary time) on May 15, 2015 or two days (not including Saturdays, Sundays and statutory holidays observed in Calgary, Alberta) preceding the date of any adjournment. Late proxies may be accepted or rejected by the Chairman of the Meeting at his or her discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice. **If you are unable to attend the Meeting, we encourage you to complete the enclosed form of proxy as soon as possible.**

If you are not a registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The board of directors of the Company has fixed April 20, 2015 as the record date for the Meeting. Shareholders of record at the close of business on April 20, 2015 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to April 20, 2015; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten (10) days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

Dated at Calgary, Alberta, this 17th day of April, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

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

TOUCHSTONE EXPLORATION INC.
MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT
PROXIES

Solicitation of Proxies

This proxy statement and information circular ("Information Circular") is furnished in connection with the solicitation of proxies by the management of Touchstone Exploration Inc. ("Touchstone" or the "Company") for use at the annual meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of Touchstone.

The Meeting will be held at the 2nd Floor of the Centrium Tower Conference Centre, 332-6th Avenue SW, Calgary, Alberta, at 9:00 a.m. (Calgary time) on May 20, 2015 and at any adjournments thereof for the purposes set forth in the Notice of Annual Meeting of Shareholders (the "**Notice of Meeting**") accompanying this Information Circular. Information contained herein is given as of April 17, 2015 unless otherwise specifically stated.

Solicitation of proxies will be primarily by mail but may also be made by telephone, facsimile, electronically or in person by directors, officers and employees of Touchstone who will not be additionally compensated. Brokers, nominees or other persons holding Common Shares in their names for others will be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such Common Shares. The costs of soliciting proxies will be borne by Touchstone.

Appointment and Revocation of Proxies

Enclosed herewith is a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and/or officers of Touchstone. **A Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the enclosed form of proxy by inserting the name of the chosen nominee in the space provided for that purpose on the form of proxy and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is signed by the Shareholder or by the Shareholder's attorney authorized in writing, or if the Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. To be acted upon, the proxy must be deposited with Computershare Trust Company of Canada, the registrar and transfer agent of the Company, at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by facsimile, at 1-866-249-7775 (Toll Free) or 1-416-263-9524 (Outside North America), by no later than 9:00 a.m. (Calgary time) on May 15, 2015 or two days (not including Saturdays, Sundays and statutory holidays observed in Calgary, Alberta) preceding the date of any adjournment.

A Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the registered office of the Company at any time up to and including the last day (not including Saturdays, Sundays and statutory holidays observed in Calgary, Alberta) preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names

appear on the records of Touchstone as the registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of Touchstone. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of "CDS & Co." (the registration name for CDS Depository and Clearing Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services Inc. ("**Broadridge**"). Broadridge typically mails a scanable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit www.proxyvote.com to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for a registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for a registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Voting of Proxies

All Common Shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. The enclosed form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly come before the Meeting then discretionary authority is conferred upon the person appointed in the proxy to vote in the manner he/she sees fit, in accordance with his/her best judgment.**

At the time of the printing of this Information Circular, the management of Touchstone know of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The board of directors of Touchstone (the "**Board**") has fixed April 20, 2015 as the record date. Shareholders at the close of business on April 20, 2015 are entitled to receive notice of the Meeting and to vote thereat or at any adjournments thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to April 20, 2015; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten (10) days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, and in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As of the date hereof, 83,079,643 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Company.

The holders of Common Shares are entitled to one vote per Common Share at meetings of shareholders, to receive any dividend when declared by the Board and to receive *pro rata* upon liquidation, dissolution or winding-up of the Company, and the remaining property of the Company upon dissolution.

The Company has not declared or paid dividends on the Common Shares since incorporation. The decision made by the Board to pay dividends from time to time will be based upon, among other things, the level of cash flow, results of operations and financial condition, the need for funds to finance ongoing operations and other business and legal considerations as the Board considers relevant.

As of the date hereof, Polar Securities Inc. hold 9,833,000 Common Shares, representing approximately 11.8% of the Common Shares of the Company. Orbis Investment Management Ltd. hold 8,794,373 Common Shares, representing approximately 10.6% of the Common Shares of the Company. To the knowledge of the directors and executive officers of Touchstone, there are no other persons or companies who beneficially own, directly or indirectly, or control or direct Common Shares carrying 10% or more of the voting rights attached to all of the Common Shares.

THE BUSINESS OF THE MEETING

Receipt of the Financial Statements and Auditors' Report

The audited consolidated financial statements of Touchstone for the year ended December 31, 2014, together with the report of the current auditor thereon, will be placed before you at the Meeting. A copy of the financial statements including the auditor's report is available for viewing at Touchstone's records office located at Suite 1100, 332 - 6th Avenue S.W., Calgary, Alberta, during normal business hours or through the internet on SEDAR at www.sedar.com.

Election of Directors

The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he or she resigns or otherwise vacates office before that time. Under Touchstone's articles, the number of directors may be fixed or changed from time to time by ordinary resolution but shall not be fewer than three (3). Between annual general meetings, the directors have the authority to fill casual vacancies that may from time to time exist, or appoint additional directors provided however that such number of additional directors shall not exceed one-third of those directors elected at the last annual general meeting. There are presently seven (7) directors of the Company, each of whom will retire from office at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution, in favour of fixing the number of directors to be elected at the meeting at seven (7) members, and in favour of the election of directors of the seven (7) nominee hereinafter set forth:

Paul R. Baay
 Kenneth R. McKinnon
 Trevor Mitzel
 Corey C. Ruttan
 Thomas E. Valentine
 Dr. Harrie Vredenburg
 John D. Wright

The names, provinces and country of residence of the persons nominated for election as directors, together with the number of Common Shares that are beneficially owned or controlled or directed, directly or indirectly as of the date hereof, the period served as director or officer and the principal occupation of each are set forth below.

Each of the nominees has agreed to stand for election, and Touchstone is not aware of any intention of any of them not to do so. If, however, one or more of them should become unable to stand for election, it is likely that one or more other persons would be nominated at the Meeting for election, and in that event, the persons designated in the form of proxy will vote in their discretion for a substitute nominee.

The following information relating to the nominees as directors is based on information received by Touchstone from the nominees.

Name, Province and Country of Residence	Office Held and Time as Director or Officer	Number of Common Shares, owned controlled or directed	Principal Occupation (for last 5 years)
Paul R. Baay Calgary, Alberta, Canada	Director since May 13, 2014	917,460	Currently President and Chief Executive Officer of Touchstone. Chairman of the Board and Chief Executive Officer of Touchstone Energy Inc. from 2010 to May 2014. Managing Director of Abacus Energy, part of Abacus Private Equity from 2007 through 2010. Member of the Institute of Corporate Directors having completed the Directors Education Program.
Kenneth R. McKinnon⁽¹⁾⁽²⁾ Calgary, Alberta Canada	Director since March 14, 2000	153,400	Vice President Legal and General Counsel of Critical Mass Inc. since March 2000. Chairman of Lightstream Resources Ltd. since May 2011 and a Director since October 2009. Currently a director of Alvo Petro Energy Ltd. since November 2013. Former director of Petrominerales Ltd. from May 2006 until it was acquired in November 2013. Member of the Institute of Corporate Directors having completed the Directors Education Program.
Trevor Mitzel⁽¹⁾ Calgary, Alberta, Canada	Director since May 13, 2014	61,761	Chief Financial Officer of Big Country Energy Services LP since 2005.
Corey C. Ruttan⁽¹⁾⁽³⁾ Calgary, Alberta, Canada	Director since April 23, 2010	218,188	President, Chief Executive Officer and Director of Alvo Petro Energy Ltd. since November 2013. Former President and Chief Executive Officer of Petrominerales Ltd. from May 2010 to November 2013. Mr. Ruttan was the Executive Vice President, Chief Financial Officer of Lightstream Resources Ltd. from October 2009 to May 2010.
Thomas E. Valentine⁽⁴⁾ Calgary, Alberta, Canada	Corporate Secretary since May 13, 2014	1,752	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 over 30 years of experience in the energy industry, including public and private businesses operating domestically and internationally.

Name, Province and Country of Residence	Office Held and Time as Director or Officer	Number of Common Shares, owned controlled or directed	Principal Occupation (for last 5 years)
Dr. Harrie Vredenburg ⁽²⁾⁽³⁾ Calgary, Alberta, Canada	Director since May 2, 2006	65,127	Professor of Strategy and Suncor Energy 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 he added the role of Academic Director of the Global Energy Executive MBA, a degree offered jointly by the University of Calgary and IHS Cambridge Energy Research Associates. Holds an appointment as an International Research Fellow at Oxford University's Said Business School (UK). Director of Kainji Resources Ltd and Teric Power Ltd., both private companies. Holds an ICD.D designation as a certified corporate director.
John D. Wright Calgary, Alberta, Canada	Chairman and a Director since March 14, 2000	2,732,841	Mr. Wright was the Chairman and Chief Executive Officer until the Touchstone Arrangement and has been a director of Touchstone since March 2000. Currently the President and Chief Executive Officer of Lightstream Resources Ltd. and the Chairman of the Board of Alvopetro Energy Ltd. Director of Hawk Exploration Ltd. and Spyglass Resources Corp.

Notes:

1. Member of the Audit Committee.
2. Member of the Compensation Committee.
3. Member of the Reserves Committee.
4. If successfully elected by Shareholders, it is expected that Mr. Valentine will be appointed to the Compensation Committee.

As of April 17, 2015, the directors and officers of Touchstone, as a group, beneficially owned controlled or directed, directly or indirectly, 4,604,954 Common Shares representing approximately 5.5% of the currently issued and outstanding Common Shares.

Touchstone's management recommends that Shareholders vote in favour of the election of the proposed nominees as directors of Touchstone for the ensuing year. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the nominees named in this Information Circular.

Cease Trade Orders and Bankruptcies

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

- (a) a director, chief executive officer or chief financial officer of any company (including Touchstone and any personal holding company of the proposed director) that, while that person was acting in that capacity:
 - (i) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**"); or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) a director or executive officer of any company (including Touchstone and any personal holding company of the proposed director) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

John D. Wright

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

Penalties or Sanctions

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

Corey C. Ruttan

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

Appointment of the Auditor

During the financial year ended December 31, 2014, Ernst and Young LLP ("**EY**") and KPMG LLP ("**KPMG**") served as Touchstone's auditor. As of June 24, 2014, KPMG resigned as auditors of Touchstone, and EY were appointed auditor.

Touchstone's management recommends that Shareholders vote in favour of the appointment of EY, Chartered Accountants, as Touchstone's auditor for the ensuing year. **Unless you give other instruction, the persons named in the form of proxy intend to vote FOR the appointment of Ernst & Young LLP, to act as Touchstone's auditor until the close of the next annual general meeting.**

Approval of Unallocated Entitlements under Stock Option Plan

In accordance with the requirements of the Toronto Stock Exchange (the "**TSX**"), every three years after institution, all unallocated options, rights and other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable (commonly referred to as a "rolling plan") must be approved by a majority of the issuer's directors and the issuer's security holders. As the Stock Option Plan (as defined herein) does not have a fixed maximum number of securities issuable thereunder, the Shareholders are required to consider and, if thought fit, approve all unallocated Stock Options issuable under the Stock Option Plan. See "*Securities Authorized For Issuance Under Equity Compensation Plans – Stock Option Plan*".

Pursuant to the terms of the Stock Option Plan, the maximum number of Common Shares reserved for issuance under all security based compensation arrangements (as defined by the rules of the TSX) is 10% of the issued and outstanding Common Shares from time to time. As at April 17, 2015 there were 3,713,785 Stock Options outstanding under the Stock Option Plan, approximately 4.5% of the current issued and outstanding Common Shares. The Board has approved 1,816,600 Stock Options that are expected to be allocated prior to the Meeting. At the Meeting, Shareholders will be asked to approve the replenishment of 2,777,579 unallocated Stock Options (which represents 3.3% of the issued and outstanding Common Shares as at April 17, 2015).

If the resolution approving all unallocated Stock Options under the Stock Option Plan is not approved by the Shareholders at the Meeting, then currently outstanding Stock Options will continue unaffected, however, no additional Stock Options may be granted under the Stock Option Plan. Furthermore, currently outstanding Stock Options that are subsequently cancelled or terminated will not be available for issuance under the Stock Option Plan.

Shareholders will be asked at the Meeting to pass a resolution approving all unallocated Stock Options under the Stock Option Plan. To be effective, the resolution must be passed by a simple majority of the votes cast thereon by the Shareholders present in person or represented by proxy at the Meeting.

The following is the text of the ordinary resolution to be considered at the Meeting:

"BE IT RESOLVED THAT:

1. All unallocated options, rights and other entitlements under the Company's Stock Option Plan are hereby approved, which approval shall be effective until May 20, 2018; and
2. Any one officer or director of the Company is hereby authorized to execute and deliver all such documents and to do all such acts as may be deemed advisable in such individual's discretion for the purpose of giving effect to this foregoing resolution."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR this resolution.**

Reconfirmation of Shareholder Rights Plan

The Company instituted a shareholder rights plan (the "**Rights Plan**") in 2012, which was approved by Shareholders at the Company's 2012 annual meeting. The Rights Plan has the terms set out in the shareholder rights plan agreement (the "**Rights Agreement**") dated as of November 19, 2012, between the Company and Computershare Trust Company of Canada as rights agent.

The primary objective of the Rights Plan is to provide the Board with sufficient time to consider and, if appropriate, to explore and develop alternatives for maximizing Shareholder value if a takeover bid is made for the Company, and to provide every Shareholder with an equal opportunity to participate in such a bid. The Rights Plan encourages a potential acquirer of the Company to proceed either by way of a "Permitted Bid" (as defined in the Rights Agreement), which requires the takeover bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

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

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

A summary of the Rights Plan is set out in Appendix "C" to this Information Circular. Shareholders or any other interested party may obtain a copy of the Rights Agreement by accessing the Company's publicly filed documents, including the Rights Agreement, at www.sedar.com.

Proposed Reconfirmation

Pursuant to the terms of the Rights Agreement, the Rights Agreement must be reconfirmed at every third annual meeting of shareholders after the annual meeting in 2012. If it is not so reconfirmed, then the Rights Agreement and all outstanding Rights will terminate as of the date of the annual meeting at which the Rights Agreement was required to have been reconfirmed. Accordingly, in order for the Rights Agreement to continue in effect beyond the Meeting, it must be reconfirmed at the Meeting. The Board has determined to seek reconfirmation of the Rights Agreement at the Meeting.

The text of the resolution to be considered at the Meeting is set forth below. In addition to reconfirming the Rights Agreement, the resolution also approves any amendments to the Rights Agreement to respond to any requirements which may be raised by any stock exchange or professional commentators on shareholder rights plans in order to conform the Rights Agreement to versions of shareholder rights plans currently prevalent for reporting issuers in Canada. The Company believes that the Rights Agreement is consistent with the form of rights plans now prevalent for public corporations in Canada and does not

anticipate that any such amendments will be required, but the resolution provides the Company with the necessary authority to make any such amendments should the need arise.

The Board's decision to seek reconfirmation of the Rights Agreement was not in response to or in anticipation of any pending or threatened takeover bid.

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

"BE IT RESOLVED that:

1. the Shareholder Rights Plan Agreement between the Company and Computershare Trust Company of Canada (the "**Rights Agreement**") is hereby reconfirmed; and
2. the making on or prior to the date hereof of any amendments to the Rights Agreement as the Company may consider necessary or advisable to satisfy the requirements of any stock exchange or professional commentators on shareholder rights plans in order to conform the Rights Agreement to versions of shareholder rights plans currently prevalent for reporting issuers in Canada is hereby approved."

Under the Rights Agreement, the resolution requires the approval of a simple majority of the votes cast at the Meeting by Shareholders. The TSX requires that the resolution be passed by a simple majority of the votes cast at the Meeting by all Shareholders.

The Board has determined that the proposed reconfirmation of the Rights Agreement is in the best interests of the Company and its Shareholders. Touchstone's management recommends that Shareholders vote in favour of the resolution to approve the reconfirmation of the Rights Plan. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the resolution reconfirming the Rights Plan.**

Other Matters

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

COMPENSATION DISCUSSION AND ANALYSIS

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

The purpose of this Compensation Discussion and Analysis is to provide information about Touchstone's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers ("**Named Executive Officers**" or "**NEOs**"). Form 51-102F6 — *Statement of Compensation* defines NEOs as the Chief Executive Officer, the Chief Financial Officer and each of Touchstone's three most highly compensated officers other than the Chief Executive Officer and Chief Financial Officer whose total compensation was more than \$150,000.

Compensation Committee and Compensation Governance

Touchstone's executive compensation program is administered by the compensation committee of the Board (the "**Compensation Committee**"). The Compensation Committee's mandate includes reviewing and determining or making recommendations to the Board in respect of compensation matters relating to the executive officers, employees and directors, including the Named Executive Officers who are identified in the "*Summary Compensation Table*" below. The Compensation Committee is comprised of Kenneth R. McKinnon (Chairman), Dr. Harrie Vredenburg and R. Gregg Smith. All of these directors are "independent" for the purposes of National Instrument 58-201 — Disclosure of Corporate Governance Practices ("NI 58-101").

The Compensation Committee is charged with the establishment, execution and periodic review of the Company's compensation program and the compensation and performance standards for the NEOs. The Board believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate.

The mandate of the Compensation Committee requires that 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.

Compensation Philosophy and Objectives

Touchstone's compensation program is founded on the principle that compensation should be aligned with Shareholders' interests while also recognizing that Touchstone's corporate performance is dependent upon retaining experienced and committed directors, executive officers and employees who have the necessary skills, experience and personal qualities required to manage Touchstone's business. The compensation policies are designed to attract and retain experienced personnel, to motivate their performance in order to achieve Touchstone's strategic objectives and to align the interests of executive officers and other employees with the long term interests of Shareholders and enhancement in share value.

The Compensation Committee together with the Board generally each use their experience and judgement in determining an overall compensation package for the executive officers with reference to similar sized companies based upon such factors as revenue, total assets, free cash flow, geographical location, capital expenditures and number of employees. It is recognized that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and gas industry and the impact of internal and market related occurrences from time to time.

Compensation Components

Touchstone's compensation program is structured into three main components: base salary, bonus, and long-term incentives. Long-term incentives include Stock Options (as defined herein) granted pursuant to the Stock Option Plan (as defined herein) and Incentive Shares (as defined herein) granted pursuant to the Incentive Share Plan (as defined herein). Touchstone believes that each component provides a valuable contribution to Touchstone's overall compensation objectives.

Decision Making Process

When determining executive compensation, including the assessment of the competitiveness of Touchstone's compensation program, management and the Compensation Committee review the compensation practices of various companies of a similar size, scope and complexity in the international oil and gas industry. In arriving at recommendations for executive compensation, including the assessment of the competitiveness of Touchstone's compensation practices, compensation information reviewed includes that available in the public domain, through private conversation and from widely available compensation surveys and studies. Additional information in respect to certain positions is also obtained through and during the competitive hiring process of new executives.

In arriving at base salaries and Stock Option grants for executive officers of Touchstone, other than the Chief Executive Officer, Touchstone's Chief Executive Officer makes recommendations to the Compensation Committee, which then reviews and considers the recommendations with reference to the information it has available and determines whether to accept the recommendations or make any changes. The Compensation Committee determines its recommendation with respect to compensation of the Chief Executive Officer in consultation with the other independent directors and in certain circumstances informal consultation with the Chief Executive Officer. In the case of Stock Option and Incentive Share grants, the Compensation Committee, in consultation with the Chief Executive Officer, makes a recommendation to the Board for consideration and approval.

Base Salary

Base salary is compensation for discharging job duties and responsibilities and reflects the level of skills and capabilities demonstrated by the NEO. The Board seeks to set base salary at a level competitive enough to represent fair compensation and/or the replacement of an individual in the marketplace. For all employees, including executives, annual salary adjustments are considered by the Board annually but are not guaranteed. Any potential adjustments include consideration for both individual performance and market conditions.

Variable Cash Incentive Awards – Bonuses

Annual bonuses encourage and reward performance over the financial year and reflect progress toward corporation-wide performance objectives and individual executive objectives. The Compensation Committee's philosophy with respect to executive bonuses is to align the issuance of bonuses with the performance of Touchstone and the performance of each individual executive. For 2014, bonuses were determined by the Compensation Committee on the basis of the performance measures set forth below under the heading "*Goals and Annual Performance*". Bonus amounts are typically evaluated and paid in the first quarter of each financial year in relation to the performance of the executive for the prior year.

Long-term Incentive Plans

Touchstone uses its Stock Option Plan and Incentive Share Plan as a part of its long-term compensation strategy for its executives. Stock Options and Incentive Shares are intended to align executive and Shareholder interests by attempting to create a direct link between compensation and shareholder return as measured through the price of Common Shares. An annual grant of Stock Options and Incentive Shares is typically made to executives based on individual and corporate performance and taking into consideration, as a reference point, the amount of share-based compensation that would be considered

competitive in relation to Touchstone's Compensation Peer Group (as defined below). Additional grants of Stock Options or Incentive Shares may be made periodically to recognize the exemplary performance of certain executives.

Touchstone's Stock Option Plan and Incentive Share Plan are described in detail in this Information Circular under the headings "*Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan*" and "*Securities Authorized for Issuance under Equity Compensation Plans – Incentive Share Plan*".

Group Benefits/Perquisites

The Compensation Committee believes that the perquisites for NEOs should be limited in scope and value and be commensurate with perquisites offered by the Compensation Peer Group (as defined below). Touchstone provides its NEOs a company paid parking stall, the cost of which averaged approximately \$5,200 per year per NEO in 2014, and additional executive only insurance programs, the cost of which is disclosed under the heading "*Summary Compensation Table*" under the column titled "*All Other Compensation*".

Employee Share Ownership Plan

Touchstone has an employee share ownership plan ("**ESOP**") pursuant to which all permanent full-time and part-time employees of Touchstone may contribute from 3% to 5% of their gross annual salary to the ESOP, with Touchstone matching the contribution initially on a 100% basis, and thereafter on a pre-defined basis. Touchstone's matching contribution increases after twenty-four (24) months of the employee's participation to 150% and after sixty (60) months of participation to 200%. Touchstone, through its appointed independent firm, uses the contributions to acquire Common Shares on behalf of the employees through open market purchases at the current market price on the TSX. Touchstone's executives are eligible to participate in the ESOP on the same basis as all other employees of Touchstone. For the year ended December 31, 2014, approximately \$10,000 was contributed by Touchstone to match the contributions of the NEOs.

Pay for Performance

The Compensation Committee has a pay-for-performance compensation philosophy and directly links executive officer pay to individual performance of executive officers and overall corporate performance. This is a non-formulaic approach which provides the necessary flexibility to incentivize the Company's executive team in changing market and industry conditions. This methodology is continuously evaluated to ensure executive officer compensation is linked appropriately with both the performance of the Company and the performance of the individual executive officer.

The individual performance of Touchstone's employees, including executives, is evaluated on an annual basis, using the rating system set forth in the table below.

Rating	Description of Rating as it applies to Employee and Executive Performance
5	Greatly exceeds all expectations. Recognition is warranted for having consistently exceeded job requirements and goals while being a role model for demonstration of business competencies. Exceptional value added to the Company, considering role. Strong collaborator, team player and a positive leader and mentor in the organization. The employee is fully aligned and demonstrates the Company's values.
4	Exceeds all expectations. Consistently exceeded job requirements, goals and business competencies. Deserves recognition for substantial value added to the Company, considering role. To be in this category the employee must also be a strong fit with the Company's values.
3	Consistently meets and occasionally exceeds expectations. Job requirements and goals are met and often exceeded. Must exceed in at least one of the objectives and be directly aligned with the Company's values.

Rating	Description of Rating as it applies to Employee and Executive Performance
2	Performance is slightly below average with improvements required to move into the next grouping and/or the employee is not fully aligned with the Company's values. An individual that most of the time will meet the objectives but requires support and direction.
1	Performance is poor with the employee unable to meet expectations and/or the individual is a poor fit with the Company's values.

On an annual basis, the overall corporate performance of the Company is evaluated, and in conjunction with the evaluation of each executive's individual performance, is used to calculate the bonus and amount of share based compensation, if any, awarded to each executive. The corporate weighting increases as job responsibilities grow, so that the weighting towards corporate performance measures is greater for higher levels of the organization. For executives, the expectation is that individual performance has a significant impact on the organization; therefore the determination of executive compensation is largely weighted towards corporate performance measures over individual performance.

2014 Compensation Process

The compensation program is administered by the Compensation Committee. With respect to 2014 compensation, the Compensation Committee held one (1) meeting, and a number of informal meetings via teleconference, and certain matters relating to compensation were approved by unanimous written resolution of the Compensation Committee or the Board, where applicable. The Compensation Committee also held one (1) meeting in early 2015 with respect to 2015 salaries, bonus amounts and long-term incentive compensation of the executives of Touchstone relating to the performance of Touchstone and individual executives for the 2014 year.

The Compensation Committee reports to the Board as a whole on the major items covered at each Compensation Committee meeting. While the Compensation Committee does not have scheduled '*in camera*' sessions, the Compensation Committee meets '*in camera*' without any members of management of Touchstone present at the end of every meeting.

The Compensation Committee, in consultation with the President and Chief Executive Officer, establishes base salaries, cash bonuses, share-based compensation and benefits for the executives. Each component of compensation is determined on an individual executive basis. The President and Chief Executive Officer of Touchstone typically attends meetings of the Compensation Committee but does not have the right to vote on any matter before the Compensation Committee.

The Compensation Committee retains and does not delegate any of its power to determine matters of executive compensation and benefits, although the Compensation Committee does consider compensation and benefit proposals made to the Compensation Committee by the President and Chief Executive Officer of Touchstone. The Compensation Committee reports to the Board on the major items covered at each Compensation Committee meeting.

In addition, the Compensation Committee may consider compensation surveys completed by independent third parties when making certain decisions with respect to executive compensation. While the Compensation Committee may rely on external information and advice, all of the decisions with respect to executive compensation are made by the Compensation Committee and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by independent third party surveys and compensation consultants.

For executives, the Compensation Committee uses a compensation program based on an assessment of the overall corporate performance of Touchstone, an assessment of overall performance of Touchstone relative to the performance of the Compensation Peer Group (set forth below) and the achievements and overall contribution of each individual executive. The evaluation of each executive also includes a review of the executive's execution of on-going projects and progress on growth and other initiatives.

Goals and Annual Performance

Touchstone's goals and objectives for 2014 focused on enhancing corporate and operational performance, which are considered key drivers of shareholder value and confidence. Quantitative measures included, but were not limited to, increasing commercial production levels, reducing operating costs, increasing reserves and ensuring positive cash flow to fund capital activities. Qualitative measures included maintaining and improving Touchstone's environmental and safety record, improving Touchstone's internal and external records and reporting functions, and enhancing Touchstone's organizational structure to create a culture of high performance, leadership development and employee attraction and retention.

In evaluating the overall Company performance, the Compensation Committee took into account the following factors and applicable weightings:

Production improvement	20%
Banking and finance administration	10%
Lands and related acquisitions	15%
Reduction in drilling costs	15%
Recycle ratio	20%
Operating costs	20%

It was the view of the Compensation Committee that the results of the corporation for the year ended 2014 represented an achievement level of 70% to 75%. The Compensation Committee will annually address the factors that are used to measure performance taking into account changing circumstances that may include but are not limited to, changes in commodity prices and capital market volatility. Although Touchstone sets goals on an annual basis, the Compensation Committee will consider changing industry and operational circumstances, opportunities and unanticipated challenges as they arise that may require a modification of the goals and objectives, and a desired shift in the focus of the executives to these changed goals and objectives. Should these situations arise, the Compensation Committee will have regard to the changing landscape of Touchstone's operations when determining whether Touchstone and the individual executive has met the goals set and what factor the goals set will have in determining executive compensation.

Compensation Peer Group

The Compensation Committee considers comparable compensation data from internationally focused companies that are generally of similar size and scope and that may represent the market in which Touchstone competes for executive talent.

Given the nature of Touchstone's business strategy and operations, peer companies (the "**Compensation Peer Group**") are varied. The composition of the Compensation Peer Group is reviewed annually by the Compensation Committee for its ongoing business relevance to Touchstone. For the year ended December 31, 2014, the Compensation Peer Group surveyed were: Americas Petrogas Inc., Canacol Energy Ltd., Gran Tierra Energy Inc., Madalena Energy Inc., Trinity Exploration and Production PLC, Range Resources Limited and Leni Gas and Oil PLC.

The factors assessed by the Compensation Committee in determining the Compensation Peer Group included operational focus, total revenue, total assets, cash flow, total level of capital expenditures, geographical location, number of employees and daily production levels. The compensation data from the Compensation Peer Group provides an initial reference point for the Compensation Committee.

The Compensation Committee will continue to monitor and adjust the Compensation Peer Group to reflect both changes in the markets and changes at Touchstone as it continues to execute its program of growth.

Risk Assessment and Oversight

The Compensation Committee considers the implications of the risks associated with Touchstone's compensation policies and practices. The Compensation Committee's role of approving the compensation policies and practices includes considering whether the compensation policies and practices could encourage a Named Executive Officer to take inappropriate or excessive risks. Based on the experience of the Compensation Committee in compensation matters, the Compensation Committee did not identify any risks arising from Touchstone's compensation policies and practices that would reasonably be likely to have a material adverse effect on Touchstone. This assessment was based on a number of considerations, including the following:

- base salaries provide a steady income regardless of share price performance, allowing executives and employees to focus on both near-term and long-term goals and objectives without undue reliance on short-term share price performance or market fluctuations;
- cash bonuses are based on performance measures designed to contribute to long-term value creation;
- Stock Options and Incentive Shares typically vest over a number of years, motivating the achievement of long-term sustainable objectives and aligning executives with the interests of Shareholders; and
- although annual performance goals are established, the Compensation Committee does not solely focus on achievement of narrowly focused performance goals and retains adequate discretion to apply business judgement to assess the overall execution of the long-term business plan and adherence to Touchstone's corporate vision and values.

Hedging Activities

Touchstone's disclosure, confidentiality and trading policy (the "**Disclosure, Confidentiality and Trading Policy**") includes a provision that prohibits directors, officers and employees of Touchstone from purchasing and selling certain derivatives in respect of any security of Touchstone. This includes purchasing "puts" and selling "calls" on Touchstone's securities, as well as a prohibition on short selling Touchstone's securities. Aside from these prohibitions, Touchstone does not have a policy specifically pertaining to other financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an executive officer or director. Any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders ("**SEDI**").

Equity Ownership Guidelines

Although the directors and officers of Touchstone have always been encouraged to invest in Touchstone and have historically maintained high levels of equity ownership, Touchstone has in place equity ownership guidelines for all of Touchstone's directors and officers. The equity ownership guidelines encourage directors and officers to achieve and maintain an ownership level in Touchstone that the Compensation Committee views as significant in relation to annual salary or base retainer. The current guidelines require the President and Chief Executive Officer to maintain an equity ownership in Touchstone of five (5) times his annual salary. Depending on level of seniority, the equity ownership guidelines for the remainder of the officers range from two (2) to one (1) times their annual salary. For directors, the ownership guidelines require each director to hold an equity interest having a value at least equal to three (3) times their annual base retainer, with a minimum value of \$50,000. The level of equity ownership is based on the original cost of the Common Shares and can be achieved through the ownership of Common Shares and Common Shares held notionally in vested Stock Options and vested Incentive Shares. Existing directors and officers have three (3) years from May 13, 2014 to meet their applicable level of equity ownership.

Touchstone believes that its directors can better represent Shareholders if they are Shareholders themselves and that equity ownership in Touchstone promotes a greater alignment of interests between the non-employee directors and Shareholders.

The following table sets out the equity ownership guidelines and equity ownership levels calculated in accordance with the equity ownership guidelines, for each of Touchstone's officers and directors subject to such guidelines, as at April 17, 2015.

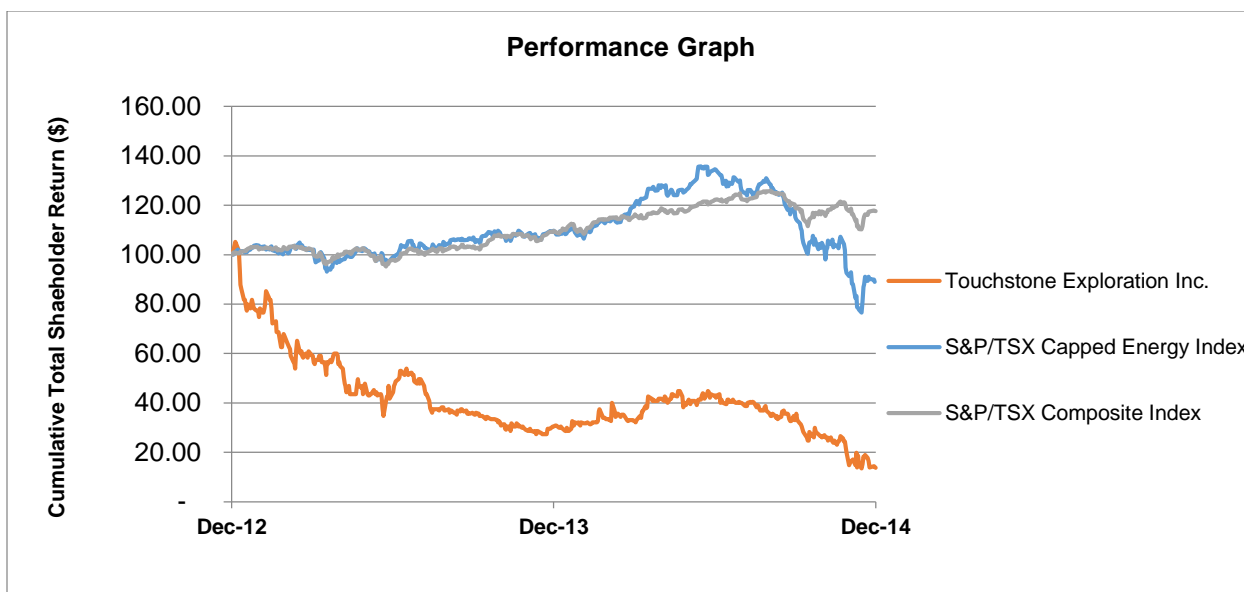
Name	Guideline multiple of annual salary / Board retainer	Value of Common Shares (\$) ⁽¹⁾	Value of vested Stock Options and Incentive Shares (\$) ⁽¹⁾	Total value held (\$)	Guideline met
Executives					
Paul R. Baay	5 times	307,349	Nil	307,349	No
Scott Budau	2 times	29,000	Nil	29,000	No
James Shipka	2 times	33,100	Nil	33,100	No
Directors					
Kenneth R. McKinnon	3 times	51,389	1,763	53,152	Yes
Trevor Mitzel	3 times	20,690	Nil	20,690	No
Corey C. Ruttan	3 times	73,093	2,938	76,031	Yes
R. Gregg Smith	3 times	69,031	Nil	69,031	Yes
Dr. Harrie Vredenburg	3 times	21,818	1,763	23,581	No
John D. Wright	3 times	915,502	Nil	915,502	Yes

Notes:

1. Calculated based on the closing price of Common Shares on the TSX on April 17, 2015 (being \$0.335).
2. Calculated based on the difference between the closing price of Common Shares noted above and the vested exercise price of the underlying security.

Performance Graph

The following graph illustrates the total cumulative shareholder return for \$100 invested in the Common Shares of the Company, from the closing price on December 31, 2012 to December 31, 2014. Touchstone became a reporting issuer on December 31, 2012 upon completion of the reorganization of Touchstone (formerly Petrobank Energy and Resources Ltd.) and Lightstream Resources Ltd. (formerly PetroBakken Energy Ltd.) (the "**PetroBakken Reorganization**"). Prior to the business combination occurring May 13, 2014, between Touchstone Exploration Inc. (formerly Petrobank Energy and Resources Ltd.) and Touchstone Energy Inc. (formerly Touchstone Exploration Inc.) (the "**Touchstone Arrangement**"), the Common Shares traded under the symbol "PBG". All share prices have been adjusted to reflect the two for one Common Share consolidation completed on May 13, 2014. The Company's total shareholder return is compared with the cumulative return on the S&P/TSX Capped Energy Index and the S&P/TSX Composite Index.



Date	Touchstone Exploration Inc. (\$)	S&P/TSX Capped Energy Index (\$)	S&P/TSX Composite Index (\$)
December 31, 2012	100.00	100.00	100.00
December 31, 2013	30.43	113.61	109.55
December 31, 2014	13.70	109.72	117.69

The trend shown in the above graph does not necessarily correspond to the Company's compensation of the NEOs for the period disclosed above. The Company considers a number of factors in connection with its determination of appropriate levels of compensation including, but not limited to, the demand for and supply of skilled professionals with experience in the oil and gas industry, individual performance, the Company's performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX and other factors discussed under the heading "*Compensation Discussion and Analysis*").

The trading price of the Common Shares on the TSX is subject to fluctuation based on a number of factors, many of which are outside the control of the Company. These include, but are not limited to, fluctuations and volatility in commodity prices for crude oil and natural gas, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors, some of which are disclosed and discussed under the heading "*Risk Factors*" in the annual information form (the "**AIF**") dated March 30, 2015.

NEO Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Chief Executive Officer and Chief Financial Officer and the most highly compensated officers, other than the Chief Executive Officer and Chief Financial Officer, as at and for the year ended December 31, 2014 whose total compensation was more than \$150,000 for Touchstone's fiscal year ended December 31, 2014.

Name and principal position	Year	Salary (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$) ⁽³⁾	Annual incentive plans (\$) ⁽⁴⁾	All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
Paul R. Baay⁽⁶⁾⁽⁷⁾							
President and Chief Executive Officer	2014	156,250	84,128	201,937	120,000	38,314	600,629
	2013	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil
Scott Budau⁽⁶⁾							
Chief Financial Officer	2014	131,250	Nil	106,017	85,000	25,766	348,033
	2013	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil
James Shipka⁽⁶⁾							
Chief Operating Officer	2014	131,250	Nil	106,017	85,000	55,786	378,053
	2013	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil
John D. Wright⁽⁶⁾⁽⁹⁾							
Chief Executive Officer	2014	40,620	Nil	53,306	Nil	1,667	95,593
	2013	38,176	90,077	54,108	Nil	945	183,306
	2012	445,833	Nil	169,967	Nil	83,705	699,505
Peter Cheung⁽⁶⁾⁽¹⁰⁾							
Vice President Finance and Chief Financial Officer	2014	392,158	Nil	Nil	50,000	21,421	463,579
	2013	250,000	60,051	207,034	Nil	52,492	569,577
	2012	250,000	Nil	306,192	Nil	50,288	606,480

Notes:

- Salary, for the purposes of the above Summary Compensation Table, includes all earnings related to base salary paid to the NEO during the reporting year.
- Share-based awards consist of employee deferred Common Shares ("DCS") granted pursuant to the DCS plan in respect of performance during the year (discontinued in 2012) and Incentive Shares granted during the year pursuant to the Incentive Share Plan. The fair value of DCS and Incentive Shares granted is estimated based on the grant date using the Black-Scholes option-pricing model. For a complete description of the terms of the Incentive Share Plan, see details provided herein under the heading "Securities Authorized for Issuance under Equity Compensation Plans – Incentive Share Plan".
- Option based awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options granted is estimated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Stock Option Plan, see details provided herein under the heading "Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan".
- The annual incentive plan is comprised of Touchstone's cash bonuses, which are paid in the subsequent year.
- The value in the column titled 'All Other Compensation' includes all other compensation not reported in any other column of the table for each of the Named Executive Officers, including certain benefits such as parking, life insurance, Touchstone matched contributions to the ESOP, flexible spending accounts and insurance premiums paid by Touchstone for certain, executive only, health insurance plans and certain payments made in connection with the exercise of share-based compensation in connection with the PetroBakken Reorganization.
- Messrs. Baay, Budau and Shipka were appointed officers of Touchstone following the Touchstone Arrangement on May 13, 2014.
- Mr. Baay did not receive any compensation for his service as a director during the period that he was an executive officer of Touchstone.
- Messrs. Wright and Cheung's employment with Touchstone ended following the closing of the Touchstone Arrangement.
- In 2012, a portion of the salary and bonus amount reported for Mr. Wright is attributable to executive services provided to PetroBakken Energy Ltd (now Lightstream Resources Ltd.). For 2012, PetroBakken Energy Ltd. reimbursed Touchstone in the amount of \$386,572 for salary, bonus and certain benefits paid to Mr. Wright. Effective January 1, 2013, Mr. Wright was formally employed by PetroBakken Energy Ltd., and Touchstone reimbursed PetroBakken Energy Ltd. for the portion of the salary, bonus and other compensation paid by PetroBakken Energy Ltd. to Mr. Wright that was attributable to executive services provided to Touchstone. In 2013, Touchstone reimbursed PetroBakken Energy Ltd. \$28,176 for the salary of Mr. Wright and \$945 for all other compensation. In 2014, Touchstone reimbursed PetroBakken Energy Ltd. \$30,620 for the salary of Mr. Wright. In 2013 and 2014, Mr. Wright was paid \$10,000 and received share-based awards and option based awards in relation to his role as Chairman of the board of directors of Touchstone. In 2014, Mr. Wright also received Company matched contributions to the ESOP.
- Mr. Cheung's salary includes \$286,600 in severance following the closing of the Touchstone Arrangement.

NEO Incentive Plan Awards

The following table sets forth, with respect to each of the NEOs, details regarding Stock Option and Incentive Share awards outstanding as at December 31, 2014. Except as disclosed herein, no other NEO's have been granted any other Stock Options or Incentive Shares during the year ended December 31, 2014.

Option-based Awards					
Name	Grant Date	Number of Common Shares underlying unexercised Options (#)	Option exercise price (\$/Common Share)	Option expiration date	Value of unexercised in-the-money Options (\$) ⁽¹⁾
Paul R. Baay	June 3, 2014	600,000	0.89	June 3, 2019	Nil
Scott Budau	June 3, 2014	315,000	0.89	June 3, 2019	Nil
James Shipka	June 3, 2014	315,000	0.89	June 3, 2019	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

Share-based Awards					
Name	Grant Date	Number of Incentive Shares that have not vested (#)	Incentive Share exercise price (\$/Common Share)	Market or payout value of Incentive Shares that have not vested (\$) ⁽²⁾	Market or payout value of vested Incentive Shares not paid out or distributed (\$) ⁽³⁾
Paul R. Baay	June 3, 2014	100,000	0.05	25,500	25,500

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 Common Shares on the TSX on December 31, 2014, being \$0.315.
2. The value of Incentive Shares that have not yet vested is calculated based on the difference between the noted exercise price and the closing price of the Common Shares on the TSX on December 31, 2014, being \$0.315.
3. The referenced Incentive Shares were not vested as at December 31, 2014.

The following sets forth, for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2014. Except as disclosed herein, no other NEO was awarded any other non-equity incentive plan compensation during the year ended December 31, 2014.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽¹⁾
Paul R. Baay	Nil	Nil	120,000
Scott Budau	Nil	Nil	85,000
James Shipka	Nil	Nil	85,000
John D. Wright	Nil	Nil	Nil

Note:

1. Represents incentive plan bonuses for 2014 which were paid in March 2015.

Pension Plan Benefits

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

Termination and Change of Control Benefits and Payments

The Company recognizes that its executives are critical to Touchstone's ongoing business. It is therefore vital for the Company to retain the services of each executive, protect them from employment interruption caused by a change in control of the Company and to treat them in a fair and equitable manner. Touchstone entered into employment agreements (the "**Agreements**" and each an "**Agreement**") with the following NEOs:

- Paul R. Baay – effective May 13, 2014;
- Scott Budau – effective May 13, 2014; and
- James Shipka – effective May 13, 2014.

Each of these Agreements provide for an indefinite term of employment. Each Agreement may be terminated by: (i) Touchstone giving notice of termination (other than just cause) to the NEO; or (ii) the executive giving 120 calendar days written notice of termination to Touchstone; or (iii) the executive giving notice of termination to Touchstone following a Change in Control (as defined below).

In the event Mr. Baay's employment is terminated by Touchstone without cause or with Good Reason (as defined in the Agreement), Touchstone shall pay Mr. Baay a lump sum payment equal to 2.0 times his base salary and 2.0 times the average total bonus for the prior two service years. Mr. Baay shall have the right, for six 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 Touchstone without cause or with Good Reason, Touchstone shall pay Mr. Budau or Mr. Shipka, as applicable, a lump sum payment equal to 1.5 times their base salary and 1.5 times the average total bonus for the prior two service years. Mr. Budau and Mr. Shipka shall have the right, for six 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 service years.

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

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

Other than as disclosed herein, Touchstone is not a party to any contract, agreement, plan or arrangement with its NEOs that provide for payments to NEOs at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of Touchstone or a change in a NEO's responsibilities.

The following table sets forth the details of the estimated incremental payments, benefits due to each of the NEOs (other than those who are no longer employed with the Company) that would have arisen upon a termination on December 31, 2014, pursuant to the terms and conditions of their Agreements:

Name	Salary component (\$) ⁽¹⁾	Bonus component (\$) ⁽²⁾	Benefits (\$)	Total incremental obligations (\$)
Paul R. Baay	500,000	120,000	Nil	620,000
Scott Budau	315,000	85,000	Nil	400,000
James Shipka	315,000	85,000	Nil	400,000

Notes:

1. This figure is calculated by multiplying the NEO's annual salary by the applicable multiple set forth in the Agreements.
2. The annual incentive plan bonuses for 2014 were not paid out until March 2015. However, 2014 bonuses are included in the bonus component above based on the assumption that they would have been included in the NEO's incremental compensation should there have been a termination on December 31, 2014 due to termination without cause, resignation for Good Reason or a Change of Control. Given that the NEOs above have less than two years of service, the average annual bonus consists of the cash equivalent of the current year bonus as per their respective Agreements.

Director Compensation

The Compensation Committee is responsible for recommending for consideration and approval by the Board as a whole the compensation program for Touchstone's directors. The main objectives of Touchstone's compensation program for directors is to attract and retain the services of the most qualified directors, compensate such directors in a manner that is commensurate with the risks and responsibilities assumed in Board membership, compensate directors in a manner that is competitive with Touchstone's peers and align the interests of Touchstone's directors with Shareholders. Touchstone's compensation program for its directors will be reviewed on a periodic basis. For 2015, the cash base retainer for directors is \$10,000 per director.

For 2015, the current Stock Option compensation policy for Touchstone's directors is set forth below. As of the date hereof, the Stock Options have not been granted but are expected to be granted prior to the Meeting.

Position	Annual Options to Grant
Board Member	75,000
Chairman	25,000
Committee Chair – Audit	15,000
Committee Chair – Reserves	12,500
Committee Chair – Compensation	12,500
Audit Committee Member	7,500
Reserves Committee Member	2,500
Compensation Committee Member	2,500

Director Compensation Table

The following table sets forth the value of all compensation provided to directors of Touchstone, not including those who are also NEOs, for Touchstone's most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	All other compensation (\$) ⁽³⁾	Total compensation (\$)
Kenneth R. McKinnon	10,000	Nil	46,199	1,250	57,449
Trevor Mitzel	10,000	126,232	42,645	2,917	181,794
Corey C. Ruttan	10,000	Nil	42,645	2,083	54,728
R. Gregg Smith	10,000	Nil	46,199	2,917	59,116
Dr. Harrie Vredenburg	10,000	Nil	42,645	Nil	52,645
John D. Wright	10,000	Nil	53,306	1,667	64,973
Ian S. Brown ⁽⁴⁾	10,000	Nil	Nil	Nil	10,000
M. Neil McCrank ⁽⁴⁾	10,000	Nil	Nil	Nil	10,000

Notes:

- Share-based awards consist of Incentive Shares granted pursuant to the Incentive Share Plan. The fair value Incentive Shares has been calculated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Incentive Share Plan, see "Securities Authorized for Issuance under Equity Compensation Plans – Incentive Share Plan".
- Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options granted has been calculated based on the grant date using the binomial option-pricing model. For a description of the terms of the Stock Option Plan, see "Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan".
- Includes amounts paid to Directors under Touchstone's ESOP plan, see "Employee Share Ownership Plan".
- Messrs. Brown and McCrank ceased being members of the Board following the Touchstone Arrangement.

With the exception of John D. Wright, who received compensation for his role solely as the Chairman of the Board following the Touchstone Arrangement, executive directors do not receive additional compensation for serving as a director of Touchstone. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth option-based awards granted to the directors of Touchstone, not including those directors who are also NEOs, to purchase or acquire securities of Touchstone as at the fiscal year ended December 31, 2014. No share-based awards other than Incentive Shares have been granted to the directors, and Touchstone does not provide any non-equity incentive plan compensation to its directors.

The following table sets forth, with respect to each of the NEOs, details regarding Stock Option and Incentive Share awards outstanding as at December 31, 2014. Other than as disclosed herein, no other member of the Board received any Stock Option or Incentive Share award for the year ended December 31, 2014.

Option-based Awards					
Name	Grant Date	Number of Common Shares underlying unexercised Options (#)	Option exercise price (\$/Common Share)	Option expiration date	Value of unexercised in-the-money Options (\$) ⁽¹⁾
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
Trevor Mitzel	June 3, 2014	120,000	0.89	June 3, 2019	Nil
	January 14, 2013	40,000	2.10	January 14, 2020	Nil
Corey C. Ruttan	June 3, 2014	120,000	0.89	June 3, 2019	Nil
	June 3, 2014	130,000	0.89	June 3, 2019	Nil
R. Gregg Smith	January 14, 2013	43,750	2.10	January 14, 2020	Nil
	June 3, 2014	120,000	0.89	June 3, 2019	Nil
Dr. Harrie Vredenburg	January 14, 2013	50,000	2.10	January 14, 2020	Nil
	June 3, 2014	150,000	0.89	June 3, 2019	Nil

Share-based Awards					
Name	Grant Date	Number of Incentive Shares that have not vested (#)	Incentive Share exercise price (\$/Common Share)	Market or payout value of Incentive Shares that have not vested (\$) ⁽²⁾	Market or payout value of vested Incentive Shares not paid out or distributed (\$) ⁽³⁾
Kenneth R. McKinnon	January 14, 2013	Nil	0.10	Nil	1,538
Trevor Mitzel	June 3, 2014	150,000	0.05	38,250	Nil
Corey C. Ruttan	January 14, 2013	Nil	0.10	Nil	2,563
Dr. Harrie Vredenburg	January 14, 2013	Nil	0.10	Nil	1,538

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 Common Shares on the TSX on December 31, 2014, being \$0.315.
2. 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, 2014, being \$0.315.
3. 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, 2014, being \$0.315. With the exception of Mr. Mitzel's Incentive Shares, all other Incentive Shares vested during the year ended December 31, 2014.

For more information about option-based awards, see "*The Business of the Meeting – Annual Approval of the Stock Option Plan*". All Stock Options granted by Touchstone to its directors during the most recent completed fiscal year vest in three (3) instalments on each of the first, second and third anniversaries of the date of grant and the exercise price represented the volume weighted average trading price per Common Share for the five (5) consecutive trading days ending on the last trading day preceding the date of the grant date. As such, no dollar value of Stock Options vested (being, the difference between the December 31, 2014 market price of the underlying Common Shares and the option exercise price on the vesting date) was realized by any of Touchstone's directors during the fiscal year ended December 31, 2014.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information in respect of securities authorized for issuance under the Company's equity compensation plans as of December 31, 2014. As of the date hereof, 3,713,785 Stock Options and 307,500 Incentive Shares are issued with a weighted average exercise price of \$0.98 and \$0.06, respectively. As at April 17, 2015, 4,594,179 Stock Options and 1,265,125 Incentive Shares are available for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, incentive shares and warrants	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Stock Option Plan	4,814,085 ⁽¹⁾	1.04	3,491,879 ⁽²⁾
Incentive Share Plan	336,750	0.06	1,265,125 ⁽³⁾
Equity compensation plans not approved by security holders			
Warrants ⁽⁴⁾	2,260,800	2.34	Nil
Total	7,411,635	1.39	4,757,004

Notes:

1. Of the 4,814,085 outstanding Stock Options as at December 31, 2014, nil were in-the-money as at that date, based on the market value of the Common Shares at December 31, 2014 of \$0.315.
2. The Stock Option Plan provides for the issuance of Stock Options to a maximum of 10% of the issued and outstanding Common Shares of the Company.
3. The Incentive Share Plan provides for the issuance of a maximum of 2,000,000 Incentive Shares, of which 734,875 were granted prior to December 31, 2014 and as of the date hereof.
4. Touchstone Energy Inc. issued warrants in connection with a 2012 credit agreement. Subsequent to the Touchstone Arrangement, the private warrants entitle the holder thereof to acquire one Common Share, subject to adjustment in certain

circumstances, at an exercise price of \$2.34 until June 28, 2016. There are no voting rights, dividend rights or rights upon dissolution or winding-up associated with the warrants.

Stock Option Plan

Options to purchase Common Shares ("**Stock Options**") were first issued in January 2013 pursuant to a revised stock option plan (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 Touchstone and its subsidiaries (in this section, collectively the "**Participants**") with an opportunity to purchase Common Shares and to benefit from the appreciation thereof. This provides an increased incentive for the Participants to contribute to the future success and prosperity of Touchstone, thus enhancing the value of Common Shares for the benefit of all Shareholders and increasing the ability of Touchstone to attract and retain individuals of exceptional skill.

The Stock Option Plan is administered by the Board, but the Board may delegate administration to a committee of not less than three 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 Touchstone, 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 Touchstone (including the Incentive Share Plan), is equal to 10% of Common Shares (on a non-diluted basis) outstanding at that time.

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

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

The exercise price of each Stock Option will be fixed by the Board when the Stock Option is granted, provided that such price shall not be less than the volume weighted average trading price per share on

the TSX for the five (5) consecutive trading days ending on the last trading day preceding the date that the Stock Option is granted.

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

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

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

Stock Options granted to Participants are non-assignable

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

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 a change of control of Touchstone, as defined in the Stock Option Plan, is contemplated or has occurred, all Stock Options that have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board for a period of time ending on the earlier of the expiry of the Stock Option 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 business days after, a self-imposed blackout period on trading securities of Touchstone, such expiry date will be deemed to be extended to the tenth day following the end of the blackout period.

Incentive Share Plan

The purpose of Touchstone's incentive share plan (the "**Incentive Share Plan**") is to provide an effective incentive for the employees, directors, officers and service providers of Touchstone and its affiliates and such other persons determined by the Board (in this section, collectively the "**Participants**") to promote the success and business of Touchstone and its affiliates, and to reward such Participants in relation to the long-term performance and growth of Touchstone by encouraging ownership of Common Shares.

Compensation is payable pursuant to the Incentive Share Plan in the form of a grant of Incentive 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 Touchstone. 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 Touchstone. 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 Touchstone an election in writing that the Common Shares be issued together with payment of \$0.05 for each such Common Share to be issued.

In the event of the Participant ceasing to be a director, officer, employee or consultant of Touchstone or its subsidiaries for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of Touchstone or the termination by Touchstone of the employment of the Participant or the termination by Touchstone or the Participant of the consulting arrangement with the Participant), unvested Incentive 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 Touchstone; or (iii) the date the notice of termination of the consulting arrangement is given by Touchstone or the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Incentive Shares shall cease and terminate immediately upon the date notice of termination of employment for cause is given by Touchstone, and shall be of no further force or effect whatsoever as to the Common Shares underlying an Incentive 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 Touchstone, 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 Touchstone's election in its sole discretion, be increased on each date on which a cash dividend (if applicable) is paid to Shareholders by an amount equal to the product of the number of the vested Incentive 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 Touchstone, (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 Touchstone, or (iii) the issuance pursuant to the Incentive Share Plan and all other established or proposed share compensation arrangements to any one Insider, or such Insider's associates, within a one year period, of a number of Common Shares exceeding 5% of the aggregate issued and outstanding Common Shares of Touchstone. Grants of Incentive 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 a change of control of Touchstone, as defined in the Share Incentive 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 Touchstone for cash in an amount not to exceed the fair market value, and Touchstone has the right, but not the obligation, to accept the Participant's offer. Fair market value is to be determined by the Board but cannot exceed the five (5) day weighted average trading price of Common Shares on the TSX.

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

The Board may amend, modify or terminate the Incentive Share Plan and amend or modify any Incentive 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 Touchstone 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 Touchstone.

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. Below is a discussion of Touchstone's approach to corporate governance.

Board of Directors

The Board facilitates its exercise of independent supervision over management by ensuring that the Board includes independent directors. The Board, at present, is composed of seven directors, four of whom are currently considered to be independent.

To provide leadership for its independent directors, the Board ensures that the independent directors have access to the management of Touchstone. Further, at Touchstone's expense, the Board or any committee of the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board or any committee of the Board independently on any matter. The Board and

any committee of the Board have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

The Board is specifically responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. 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.

Mandate of the Board

The Board and each of its committees have written mandates. Refer to Appendix "A" of this Information Circular for the full text of the mandate of the Board. The Board has the responsibility to oversee the conduct of the business of Touchstone and 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.

Composition of the Board

The Board is currently comprised of seven members, a majority of four of whom are considered independent. Messrs. Mitzel, McKinnon, Ruttan and Dr. Vredenburg are independent directors. Touchstone has proposed seven nominees for election at the Meeting. With the exception of R. Gregg Smith, six of the current directors sitting on the Board are proposed as nominees for election at the Meeting. It is proposed that Thomas E. Valentine replace Mr. Smith as a director of the Company. Of the seven proposed nominees, a majority of five are considered independent, to serve as directors until the earlier of the next annual meeting of Shareholders.

Mr. Baay is not considered an independent director as he would be considered to have a "material relationship", as defined in National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"), with Touchstone as Mr. Baay is the current President and Chief Executive Officer.

Mr. Wright is not considered an independent director as he would be considered to have a "material relationship", as defined in NI 52-110, with Touchstone as Mr. Wright was the former Chief Executive Officer of Petrobank Energy and Resources Ltd.

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 consist of an *'in camera'* session of the independent directors, where members of management of Touchstone are not in attendance.

Board Meeting Attendance

During January 1 to December 31, 2014, the Board held a total of seven meetings; the Audit Committee held four meetings; the Compensation Committee held one meeting; and the Reserves Committee held two meetings.

The following table sets forth the attendance for the existing directors of Touchstone:

Director	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Compensation Committee Meetings Attended / Held	Reserves Committee Meetings Attended / Held	Overall Attendance (%)
Paul R. Baay ⁽¹⁾	4/4	n/a	n/a	n/a	100
Kenneth R. McKinnon	7/7	4/4	1/1	n/a	100
Trevor Mitzel ⁽¹⁾	3/4	2/2	n/a	n/a	83
Corey C. Ruttan	7/7	2/2	n/a	2/2	100
R. Gregg Smith ⁽¹⁾	4/4	n/a	n/a	n/a	100
Dr. Harrie Vredenburg	7/7	2/2	1/1	n/a	100
John D. Wright	7/7	n/a	n/a	2/2	100
Ian S. Brown ⁽²⁾	2/3	2/2	n/a	n/a	80
M. Neil McCrank ⁽²⁾	3/3	n/a	1/1	2/2	100

Notes:

1. Messrs. Baay, Mitzel and Smith were appointed as directors of Touchstone on May 13, 2014.
2. Messrs. Brown and McCrank ceased being directors of Touchstone on May 13, 2014.

Majority Voting Policy

Shareholders should note that the form of proxy allows for voting for individual directors rather than for directors as a slate. In addition, the Board adopted a majority voting policy effective March 11, 2013 (the "**Majority Voting Policy**"), pursuant to which, in an uncontested election of directors, a director who receives more "withhold" votes than "for" votes at the annual meeting of Shareholders will tender his or her resignation to the Chair of the Board, to be effective upon acceptance by the Board. The Board will expeditiously consider the director's offer to resign and consider whether or not to accept the offer. The Board announces it in a news release within ninety (90) days following the annual meeting, including the reasons for its decision. A director who tenders a resignation pursuant to this policy will not participate in a meeting of the Board at which the resignation is considered. Touchstone expects that any such resignation will be accepted by the Board unless special circumstances exist that warrant the resigning director continuing to serve on the Board. For this reason, unless such special circumstances exist, a withhold vote in respect of a director is equivalent to voting against the election of such director.

Other Directorships

Certain Touchstone directors and proposed nominees are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name	Reporting Issuer (or equivalent in a foreign jurisdiction)
Paul R. Baay	Veraz Petroleum Ltd.
Kenneth R. McKinnon	Alvopetro Energy Ltd., Lightstream Resources Ltd.
Corey C. Ruttan	Alvopetro Energy Ltd., Lightstream Resources Ltd.
John D. Wright	Hawk Exploration Ltd., Spyglass Resources Corp, Alvopetro Energy Ltd., Lightstream Resources Ltd.

Committees of the Board

The Board has three committees: the Audit Committee, the Reserves Committee and the Compensation Committee. All of the 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.

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 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 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.

Position Descriptions

The Board has adopted a formal written position description for the Chief Executive Officer of Touchstone and for the Chairman of the Board, which sets out the duties and responsibilities of such positions. The Chief Executive Officer is charged with the general oversight and management of Touchstone. The Chair of each committee of the Board is charged with leading and assessing each committee to ensure it fulfills its mandate as set out in the committee terms of reference.

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, any director has unrestricted direct access to any member of senior management and their staff at any time.

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

Ethical Business Conduct

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

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 and made available on Touchstone's intranet 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.

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. Although Touchstone has not adopted a policy with specific targets regarding the number or percentage of women on the Board, Touchstone did consider the level of representation of women on the Board in the recruitment for a new director for nomination to the Board in 2015. 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 in order to be effective and, which the Board considers to be in the best interest of the Company.

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, 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 Board or 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.

Board Assessments

The Board does not formally review the contributions of individual directors, however it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework. The Board expects management to operate the business of Touchstone in a manner that enhances Shareholder value and is consistent with the highest level of integrity. Management is expected to execute Touchstone's business plan and to meet performance goals and objectives.

Audit Committee

Audit Committee Charter

The Audit Committee reviews with management and the external auditors and recommends to the Board for approval the annual and interim financial statements of the Company, the reports of the external auditors thereon and related financial reporting, including management's discussion and analysis and

financial press releases. The Audit Committee assists the Board, in conjunction with the external auditors and management, with its review and oversight of audit plans and procedures and meets with the auditors independent of management at each quarterly meeting at a minimum. The Audit Committee is responsible for reviewing and overseeing auditor independence, approving all non-audit services, 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 complete text of the mandate of the Audit Committee is attached to this Information Circular as Appendix "B".

Composition and Qualifications

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

Relevant Education and Experience

Trevor Mitzel, Chair

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

Kenneth R. McKinnon

Mr. McKinnon has held the position of Vice President Legal and General Counsel of Critical Mass Inc., a website design company, since March 2000. Mr. McKinnon has been a director of Petrobank Energy and Resources Ltd. since March 14, 2000. Mr. McKinnon has served on the board of Lightstream Resources Ltd. since October 2009 and was appointed Chairman in May 2011. He has been a director of Alvo Petro Energy Ltd. since November 2013 and a director of Petrominerales Ltd. from May 2006 until it was acquired in November 2013. From September 2008 through June 2014, Mr. McKinnon served on the Board of Governors of the University of Calgary from September 2008 to June 2014 in various capacities, including Vice-Chair of its Governance and Human Resources Committee, Vice-Chair of its Finance and Property Committee, Chair of its Budget Committee and as a director and Chairman of the Governance and Compensation Committee of Alberta Innovates – Technology Futures. Mr. McKinnon holds an ICD.D designation as a certified corporate director.

Corey C. Ruttan

Mr. Corey C. Ruttan is the President, Chief Executive Officer and a Director of Alvo Petro Energy Ltd., a publically traded oil and gas company with operations in Brazil. Previously, Mr. Ruttan was the President and Chief Executive Officer of Petrominerales Ltd. from May 2010 until Petrominerales was acquired by Pacific Rubiales Energy Corp. in November 2013. Prior thereto, he was the Vice President Finance and Chief Financial Officer of Petrominerales since May 2006. Mr. Ruttan served as Executive Vice President and Chief Financial Officer of Lightstream Resources Ltd. from October 2009 to May 2010. From March 2000 to May 2010, Mr. Ruttan held increasingly senior positions with of Petrobank Energy and Resources Ltd. (now Touchstone Exploration Inc.) since its inception in 2000 and was the Senior Vice President and

Chief Financial Officer from November 2008 to May 2010. Mr. Ruttan previously served as Vice President of Caribou Capital Corp. from June 1999 to March 2000; Manager Financial Reporting of Pacalta Resources Ltd. from May 1997 to June 1999; and began his career at KPMG LLP from September 1994 to May 1997. Mr. Ruttan obtained his Bachelor of Commerce degree majoring in Accounting from the University of Calgary in 1994 and obtained his Chartered Accountant designation in 1997.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees (By Category)

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

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

Notes:

1. Audit fees for professional services rendered for the audit of the Company's annual consolidated financial statements.
2. Audit-related and review fees for professional services rendered with respect to services provided in connection with interim financial statement reviews and statutory and regulatory filings.
3. Tax fees for compliance, tax advice and tax planning.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, no director, proposed director, executive officer, nor any of their respective associates or affiliates, is or has been indebted to the Company or its subsidiaries and there has been no such indebtedness at any time since incorporation.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer or anyone who has held office as such since the beginning of the Company's last financial year, any proposed nominee for election as a director of the Company or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular, neither the Company nor any director or officer of the Company, nor any proposed nominee for election as a director of the Company, nor any other insider of the Company, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2014, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information respecting the Company is provided in the Company's comparative audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this information on the Company's profile on SEDAR or by request to the Chief Financial Officer of the Company at 1100, 332 - 6th Avenue S.W., Calgary, Alberta, T2P 0B2.

APPENDIX "A"

TOUCHSTONE EXPLORATION INC. MANDATE OF THE BOARD OF DIRECTORS

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

This mandate defines the role of the Board of Directors of the Corporation. The fundamental responsibilities of the Board of Directors of Touchstone Exploration Inc. (the "Corporation") are to: (i) appoint and oversee a competent executive team to manage the business of the Corporation, with a view to maximizing shareholder value, (ii) identify and understand the risks associated with the business of the Corporation and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls. The following are the key guidelines governing how the Board will operate to carry out its duties.

1. **Duty of Oversight**

The Board is responsible for overseeing and supervising management's conduct of the business of the Corporation to ensure that such business is being conducted in the best interests of the Corporation and its shareholders.

2. **Formulation of Corporate Strategy**

Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board shall ensure there is a formal strategic planning process in place and shall review and, if it sees fit, endorse the corporate strategy presented by management. The Board shall monitor the implementation and execution of the corporate strategy.

3. **Principal Risks**

The Board should have a continuing understanding of the principal risks associated with the business of the Corporation. It is the responsibility of management to ensure that the Board and its committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are the Audit Committee and the Reserves Committee and the strategic planning process. It is important that the Board understands and supports the key risk decisions of management.

4. **Internal Controls and Communication Systems**

The Board ensures that sufficient internal controls and communication systems are in place to allow it to conclude that management is discharging its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

5. **Financial Reporting, Operational Reporting and Review**

The Board ensures that processes are in place to address applicable regulatory, corporate, securities and other compliance matters, including applicable certification requirements regarding the financial, operational and other disclosures of the Corporation.

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

The Board reviews annual operating and capital plans and reviews and considers all amendments or departures proposed by management from established strategy, capital and operating plans or matters of policy which diverge from the ordinary course of business.

The Board reviews operating and financial performance results relative to established strategy, budgets and objectives.

6. Succession Planning and Management Development

The Board considers succession planning and management recruitment and development. The Chief Executive Officer and the Compensation Committee shall periodically review succession planning and management recruitment and development.

7. Disclosure and Communication Policy

The Corporation has adopted a policy governing disclosure and communication concerning the affairs of the Corporation. Housekeeping and non-material amendments to the Policy may be made by the Disclosure Committee. Significant changes to the Disclosure and Communication Policy shall be reviewed by the Board.

8. The Chair of the Board

The Board shall appoint a Chair from among its members. The role of the Chair is to act as the leader of the Board, to manage and co-ordinate the activities of the Board and to oversee execution by the Board of this written mandate.

9. Committees

The Board may appoint such committees as it sees fit. Each committee operates according to the mandate for such committee approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board reviews and re-assesses the adequacy of the mandate of each committee on a regular basis and, with respect to the Audit Committee, at least once a year.

10. Committee Chairs and Committee Members

The Chair shall propose the leadership and membership of each committee. In preparing recommendations, the Chair will take into account the preferences, skills and experience of each director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.

Each committee's meeting schedule will be determined by its Chair and members based on the committee's work plan and mandate. The committee Chair will develop the agenda for each committee meeting. Each committee will report in a timely manner to the Board on the results of its meetings.

11. Board Meetings, Agendas and Notice

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

The Chair, in consultation with the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary, will develop the agenda for each Board meeting. Under normal circumstances, management will use its best effort to distribute the agenda and related materials to directors not less than two business days before the meeting. All directors are free to suggest additions to the agenda.

Notice of the time and place of every meeting may be given orally, or in writing, or by e-mail to each member of the Committee at least two business days prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a

meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

12. Information for Board Meetings

Material distributed to the directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered. Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material.

It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

13. Non-Directors at Board Meetings

The Board appreciates the value of having management team members attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Board, through the Chair, can determine management attendees at Board meetings.

14. Board Relations with Management

Board policies and guidelines are issued to management for their adherence. Directors may direct questions or concerns on management performance to the Chair, to the President and Chief Executive Officer or through Board and committee meetings. While the Board establishes limits of authority delegated to management, directors must respect the organizational structure of management. A director has no authority to direct any staff member.

15. New Director Orientation

New directors will be provided with an orientation which will include written information about the duties and obligations of directors and the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors.

16. Assessing the Board's Performance

The Board is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review should identify any areas where the directors or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation.

17. Board Compensation

The Compensation Committee will review director compensation in accordance with the mandate of the Compensation Committee and will make changes in compensation to the Board when warranted and in light of the responsibilities and risks involved in being a director.

18. Annual Evaluation of the President and Chief Executive Officer – Compensation Committee

The Compensation Committee will conduct an annual performance review of President and Chief Executive Officer in accordance with the mandate of the Compensation Committee. The results of this performance review will be communicated to the President and Chief Executive Officer by the Chair of the Compensation Committee.

19. Outside Advisors for Individual Directors

Occasionally, a director may need the services of an advisor to assist with matters involving responsibilities as a director. A director who wishes to engage an outside advisor at the expense of the Corporation may do so with the authorization of the Chair of the Board.

20. Conflict of Interest

- (a) Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.
- (b) Directors shall not allow personal interests to conflict with their duties to the Corporation and shall avoid and refrain from involvement in situations of conflict of interest.
- (c) A director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict with that director's duty to the Corporation.
- (d) A director shall disclose promptly any interest that director may have in an existing or proposed contract or transaction of or with the Corporation.
- (e) The disclosures contemplated in paragraphs (c) & (d) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur at the first Board meeting after the director becomes aware of the potential conflict of interest.
- (f) A director's disclosure to the Board shall disclose the full nature and extent of that director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board.
- (g) A director with a conflict of interest or who is capable of being perceived as being in conflict of interest vis a vis the Corporation shall abstain from discussion and voting by the Board or committee of the Board on any motion to recommend or approve the relevant contract or transaction unless the contract or transaction is an arrangement by way of security for obligations undertaken by the director for the benefit of the Corporation or one relating primarily to the director's remuneration or benefits. If the conflict of interest is obvious and direct, the director shall withdraw while the item is being considered.
- (h) Without limiting the generality of "conflict of interest" it shall be deemed a conflict of interest if a director, a director's relative, a member of the director's household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with the Corporation.

- (i) Directors shall not use information obtained as a result of acting as a director for personal benefit or for the benefit of others.
- (j) Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

21. Corporate Governance and Nominating

The Board retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the Board functions independently of management. The Board shall establish and maintain such corporate governance policies and procedures as are necessary to ensure that the Corporation is fully compliant with applicable securities laws and prevailing governance standards. Such policies and procedures shall contain clear reporting, oversight and enforcement provisions that reserve the right to the Board to take appropriate remedial action in the event of a breach thereof. The Board shall mandate the Corporation's Corporate Secretary and professional advisors to keep it apprised of developing corporate governance issues and shall, each year after the annual shareholder meeting of the Corporation, review the sufficiency of the Corporation's corporate governance policies and procedures.

The Board retains overall responsibility to identify and recommend suitable candidates for nomination for election as directors of the Corporation, consider the competencies and skills the Board, as a whole, should possess.

22. Mandate Review

This mandate shall be reviewed and approved by the Board each year.

APPENDIX "B"

TOUCHSTONE EXPLORATION INC. AUDIT COMMITTEE MANDATE

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

Role and Objective

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

The objectives of the Audit Committee are as follows:

1. to assist directors in fulfilling their legal and fiduciary obligations (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. to oversee the audit efforts of the external auditors of the Corporation;
3. to maintain free and open means of communication among the directors, the external auditors, the financial and senior management of the Corporation;
4. to satisfy itself that the external auditors are independent of the Corporation; and
5. to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

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

Composition of the Committee

1. The Audit Committee shall consist of at least three directors. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.
2. Each director appointed to the Audit Committee by the Board must be independent. A director is independent if the director has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. In determining whether a director is independent of management, the Board shall make reference to National Instrument 52-110 – *Audit Committees* or the then current legislation, rules, policies and instruments of applicable regulatory authorities.
3. Each member of the Audit Committee shall be "financially literate". In order to be financially literate, a director must be, at a minimum, able to read and understand financial statements that present a breadth and complexity of accounting issues generally comparable to the breadth and complexity of issues expected to be raised by the Corporation's financial statements.

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

Meetings of the Committee

1. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements and management discussion and analysis of the Corporation.
2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee. The auditors shall be given notice of each meeting of the Audit Committee at which financial statements of the Corporation are to be considered and such other meetings as determined by the Chair and shall be entitled to attend each such meeting of the Audit Committee.
3. Notice of a meeting of the Audit Committee shall:
 - (a) be given orally, or in writing, including by email;
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
 - (d) be given at least two days prior to the time stipulated for the meeting.

A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting.

4. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee.
5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.
7. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet *in camera* with the external auditors independent of management as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.
8. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

Duties and Responsibilities of the Committee

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

2. The Audit Committee shall, in the exercise of its powers, authorities and discretion so authorized, conform to any regulations or restrictions that may from time to time be made or imposed upon it by the Board or the legislation, policies or regulations governing the Corporation and its business.
3. It is the responsibility of the Audit Committee to satisfy itself on behalf of the Board that the Corporation's system of internal controls over financial reporting and disclosure controls and procedures are satisfactory for the purpose of:
 - (a) identifying, monitoring and mitigating the principal risks intended to be addressed by such controls and procedures;
 - (b) complying with the legal and regulatory requirements related to such controls and procedures; and
 - (c) to review with the external auditors their assessment of the internal controls over financial reporting and the disclosure controls of the Corporation, their written reports containing recommendations for improvement, and management's response and any follow-up to any identified weaknesses.
4. It is the responsibility of the Audit Committee to review the annual financial statements of the Corporation and, if deemed appropriate, recommend the financial statements to the Board for approval. This process should include but not be limited to:
 - (a) reviewing and accepting/approving, if appropriate, the annual audit plan of the external auditors of the Corporation, including the scope of audit activities, and monitor such plan's progress and results during the year;
 - (b) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - (c) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - (d) reviewing the methods used to account for significant unusual or non-recurring transactions;
 - (e) reviewing compliance with covenants under loan agreements;
 - (f) reviewing disclosure requirements for commitments and contingencies;
 - (g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (h) reviewing unresolved differences between management and the external auditors;
 - (i) obtaining explanations of significant variances with comparative reporting periods;
 - (j) reviewing of business systems changes and implications;
 - (k) reviewing of authority and approval limits;
 - (l) reviewing the adequacy and effectiveness of the accounting and internal control policies of the Corporation and procedures through inquiry and discussions with the external auditors and management;
 - (m) confirming through private discussion with the external auditors and the management that no management restrictions are being placed on the scope of the external auditors' work;
 - (n) reviewing of tax policy issues; and
 - (o) reviewing of emerging accounting issues that could have an impact on the Corporation.

5. It is the responsibility of the Audit Committee to review the interim financial statements of the Corporation and, if deemed appropriate, to recommend the financial statements to the Board for approval and to review all prospectuses, management discussion and analysis, and all other public disclosure containing significant audited or unaudited financial information, prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.
6. The Audit Committee shall have the authority to:
 - (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
 - (b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
 - (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
 - (d) to set and pay the compensation for any advisors employed by the Audit Committee.
7. With respect to the appointment of external auditors by the Board, the Audit Committee shall:
 - (a) recommend to the Board the appointment of the external auditors;
 - (b) review the performance of the external auditors and make recommendations to the Board regarding the replacement or termination of the external auditors when circumstances warrant;
 - (c) oversee the independence of the external auditors by, among other things, if determined necessary, requiring the external auditors to deliver to the Audit Committee, on a periodic basis, a formal written statement delineating all relationships between the external auditors and the Corporation and its subsidiaries;
 - (d) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and that the external auditors shall report directly to the Committee; and
 - (e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
8. The Audit Committee shall review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.
9. The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by external auditors. The Audit Committee may delegate, to one or more members, the authority to pre-approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting and such pre-approval and that the member complies with such other procedures as may be established by the Audit Committee from time to time.
10. The Audit Committee shall review adherence to the risk management policies and procedures of the Corporation such as hedging, litigation and insurance, including an annual review of insurance coverage, and make appropriate recommendations to the Board with respect thereto.
11. The Audit Committee shall establish and maintain procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
12. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.
 13. The Audit Committee shall periodically report the results of reviews undertaken and any associated recommendations to the Board.
 14. The Audit Committee shall review and assess, on an annual basis, the adequacy of this Mandate.

APPENDIX "C"

SUMMARY OF SHAREHOLDER RIGHTS PLAN

The following is a summary of the provisions of the Touchstone shareholder rights plan (the "**Rights Plan**").

The summary is qualified in its entirety by the full text of the shareholder rights plan agreement (the "**Rights Agreement**") dated November 19, 2012 between Touchstone Exploration Inc. ("**Touchstone**") and Computershare Trust Company of Canada which is available via SEDAR at www.sedar.com under Touchstone's profile. All capitalized terms used in this summary without definition have the meanings attributed to them in the Rights Agreement unless otherwise indicated.

Issuance of Rights

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

Certificates and Transferability

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

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

Separation Time and Rights Exercise Privilege

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

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

The acquisition by any person (an "**Acquiring Person**") of 20% or more of the Common Shares, other than by way of a Permitted Bid or in certain other circumstances set out below, is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. If a Flip-in Event shall occur, at the close of business on the eighth business day after the Stock Acquisition Date, the Rights (other than those held by the Acquiring Person) will entitle the holder thereof

to purchase Common Shares having an aggregate market price equal to twice the Exercise Price for an amount in cash equal to the Exercise Price.

Impact Once Rights Plan is Triggered

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

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

Acquiring Person

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

Permitted Lock-Up Agreements

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

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

Permitted Bids and Competing Permitted Bids

The Rights Plan is not triggered if an offer (a "**Permitted Bid**") would allow sufficient time for the Shareholders to consider and react to the offer and would allow Shareholders to decide to tender or not tender without the concern that they will be left with illiquid Common Shares should they not tender.

The requirements for a Permitted Bid include the following: (a) the Take-Over Bid must be made by way of a takeover bid circular; (b) the Take-Over Bid must be made to all holders of Common Shares; (c) the Take-Over Bid must be outstanding for a minimum period of 60 days and Common Shares tendered pursuant to the takeover bid may not be taken up prior to the expiry of the 60 day period and only if at such time more than 50% of the Common Shares held by Shareholders, other than the bidder, its affiliates and persons acting jointly or in concert and certain other persons (the "**Independent Shareholders**"), have been tendered to the take-over bid and not withdrawn; and (d) if more than 50% of the Common Shares held by Independent Shareholders are tendered to the take-over bid within the sixty (60) day period, the bidder must make a public announcement of that fact, and the take-over bid must remain open for deposits of Common Shares for an additional ten (10) business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the 60th day after which the earliest Permitted Bid which preceded the Competing Bid was made, subject to the requirement that it be outstanding for a minimum period of 35 days.

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

Waiver and Redemption

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

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

Amendment

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