



**TOUCHSTONE EXPLORATION INC.  
BOARD OF DIRECTORS MANDATE**

**Role and Objective**

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

**1. Duty of Oversight**

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

**2. Formulation of Corporate Strategy**

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

**3. Principal Risks**

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

**4. Internal Controls and Communication Systems**

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

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

- (a) The Board ensures that processes are in place to address applicable regulatory, corporate, securities and other compliance matters, including applicable certification requirements regarding the financial, operational and other disclosures of the Corporation.
- (b) The Board reviews and approves the financial statements, related management's discussion and analysis and reserves evaluations of the Corporation.
- (c) The Board reviews annual operating and capital plans and reviews and considers all amendments or departures proposed by management from established strategy, capital

and operating plans or matters of policy which diverge from the ordinary course of business.

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

## **6. Succession Planning and Management Development**

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

## **7. Disclosure and Communication Policy**

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

## **8. The Chair of the Board**

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

## **9. Committees**

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

## **10. Committee Chairs and Committee Members**

- (a) The Chair shall propose the leadership and membership of each committee. In preparing recommendations, the Chair will take into account the preferences, skills and experience of each director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.
- (b) Each committee's meeting schedule will be determined by its Chair and members based on its work plan and mandate. The committee Chair will develop the agenda for each committee meeting. Each committee will report in a timely manner to the Board on the results of its meetings.

## **11. Board Meetings, Agendas and Notice**

- (a) The Board will meet a minimum of four (4) times per year.
- (b) The Chair, in consultation with the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary, will develop the agenda for each Board meeting. Under normal circumstances, management will use its best effort to distribute the agenda and related materials to directors not less than two (2) business days before the meeting. All directors are free to suggest additions to the agenda.

- (c) Notice of the time and place of every meeting may be given orally, in writing, or by email to each member of the Committee at least two (2) business days prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **12. Information for Board Meetings**

- (a) Material distributed to the directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered. Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to directors to maximize the time available for discussion on questions regarding the material.
- (b) It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

## **13. Non-Directors at Board Meetings**

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

## **14. Board Relations with Management**

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

## **15. New Director Orientation**

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

## **16. Assessing the Board's Performance**

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

## **17. Board Compensation**

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

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

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

**19. Outside Advisors for Individual Directors**

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

**20. Conflict of Interest**

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

- (j) Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

## **21. Corporate Governance and Nominating**

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

## **22. Mandate Review**

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

### **Mandate History**

November 16, 2012	Adopted by the Board of Directors
May 14, 2014	Corporation name changed from Petrobank Energy and Resources Ltd. to Touchstone Exploration Inc.
June 3, 2014	Approved by the Board of Directors
March 23, 2016	Approved by the Board of Directors
March 21, 2017	Approved by the Board of Directors
March 26, 2018	Approved by by the Board of Directors
March 26, 2019	Approved by by the Board of Directors
March 25, 2020	Approved by by the Board of Directors
March 25, 2021	Approved by by the Board of Directors