FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

Touchstone Exploration Inc. (the "Company")
Suite 4100, 350 7th Avenue SW
Calgary, AB T2P 3N9

2. Date of Material Change

November 23, 2016

3. News Release

News releases disclosing the information contained in this material change report were issued by Touchstone Exploration Inc. on November 8, 2016 and November 24, 2016, both of which were disseminated through the facilities of a recognized news service.

4. Summary of Material Change

On November 7, 2016, the Company entered into escrow arrangements for a C$15 million, five-year term loan agreement (the "Term Loan") from an investment fund managed by Crown Capital Partners Inc. (the "Lender"). The Term Loan became effective on November 23, 2016 upon satisfaction of certain conditions precedent. The Term Loan replaced the Company's former credit facility with The Bank of Nova Scotia. The Company used a portion of the Term Loan to cash collateralize its US$6 million letter of credit that provides credit support in respect of its East Brighton offshore property future work commitments.

5. Full Description of Material Change

5.1 Full Description of Material Change

The Term Loan replaced the Company's Bank of Nova Scotia credit facility, and the Company immediately used a portion of the proceeds to cash collateralize its US$6 million letter of credit that provides credit support in respect of its East Brighton offshore property future work commitments.

The Term Loan matures on November 23, 2021 with no mandatory repayment of principal required until January 1, 2019. The Company is required to repay C$810,000 per quarter commencing on January 1, 2019 through October 1, 2021, and the then outstanding balance of the Term Loan is repayable on the maturity date. The Term Loan bears a fixed interest rate of 8% per annum, compounded and payable quarterly in arrears from January 1, 2017. In connection with the Term Loan, the Company has also granted the Lender a 1% gross overriding royalty on petroleum sales (the "Royalty") from current Company land holdings in Trinidad, which is payable until November 23, 2021 regardless of any repayment or prepayment of the Term Loan. However, Touchstone has the ability to prepay the Term Loan after 18 months as well as the option to negotiate a buy out all of its future obligations to pay the Royalty if the Term Loan balance is prepaid in full.

The Term Loan and the Company's obligations in respect of the Royalty are principally secured by fixed and floating security interests over all present and after acquired assets of the Company and its subsidiaries. In addition to the Term Loan Lender's legal fees and those of The Bank of Nova Scotia, the Company paid the Lender a C$300,000 commitment fee and a C$37,000 funding fee on closing.

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

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

A copy of the Term Loan has been filed on SEDAR.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

The name and business telephone number of the executive officer of the Company who is knowledgeable of the material change and this report is:

Scott Budau, Chief Financial Officer, Telephone: (403) 750-4400.

9. Date of Report

December 1, 2016