ANNUAL INFORMATION FORM

For the year ended December 31, 2020

March 25, 2021

TABLE OF CONTENTS

	Page
ABBREVIATIONS, CONVENTIONS AND OTHER INFORMATION	2
CURRENCY AND EXCHANGE RATES	3
NON-GAAP TERMS	3
CERTAIN DEFINITIONS	4
FORWARD-LOOKING STATEMENTS	9
CORPORATE STRUCTURE	12
GENERAL DEVELOPMENT OF THE BUSINESS	13
DESCRIPTION OF THE BUSINESS AND OPERATIONS	17
INDUSTRY CONDITIONS	28
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION	32
Disclosure of Reserves Data	32
Pricing Assumptions	36
Reconciliation of Changes in Reserves	37
Additional Information Relating to Reserves Data	38
Other Oil and Gas Information	42
DIVIDEND POLICY	45
DESCRIPTION OF CAPITAL STRUCTURE	46
MARKET FOR SECURITIES	47
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS OR TRANSFER	48
DIRECTORS AND OFFICERS	48
AUDIT COMMITTEE INFORMATION	51
AUDITORS, TRANSFER AGENTS AND REGISTRAR	53
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	53
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	53
MATERIAL CONTRACTS	54
INTERESTS OF EXPERTS	54
RISK FACTORS	54
ADDITIONAL INFORMATION	79

APPENDIX A - REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

APPENDIX B - REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

APPENDIX C - AUDIT COMMITTEE MANDATE

ABBREVIATIONS, CONVENTIONS AND OTHER INFORMATION

In this Annual Information Form ("**AIF**"), the abbreviations set forth below have the following meanings:

Crude Oil and Natural Gas Liquids		**Natural Gas**	
bbl(s)	barrel(s)	Mcf	thousand cubic feet
bbls/d	barrels per day	Mcf/d	thousand cubic feet per day
Mbbl	thousand barrels	Mcfe	thousand cubic feet equivalent
Mbbl/d	thousand barrels per day	MMcf	million cubic feet
NGL(s)	natural gas liquid(s)	MMcf/d	million cubic feet per day

Other	
boe	barrels of oil equivalent, using the conversion factor of 6 Mcf: 1 bbl
boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent
MMbtu	million British thermal units

"Boes" may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of the 6:1 conversion ratio, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.

Unless otherwise specified, all production volumes disclosed herein are sales volumes and are based on Company working interest before royalty burdens.

Certain other terms used herein but not defined herein are defined in NI 51-101 (as defined herein) and/or CSA 51-324 (as defined herein) and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 and/or CSA 51-324.

This AIF contains certain oil and gas metrics, including operating netbacks, which do not have standardized meanings or standard methods of calculation under NI 51-101 and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Operating netback may be presented on a total or per barrel basis and is calculated by deducting royalties and operating expenses from petroleum sales. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company, and future performance may not compare to the performance in prior periods, and therefore such metrics should not be unduly relied upon. The Company uses oil and gas metrics for its own performance measurements and to provide Shareholders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this AIF, should not be relied upon for investment purposes.

Any references in this AIF to initial and/or final test rates or production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter. These test results are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

Unless otherwise specified, information in this AIF is at the end of the Company's most recently completed year, being December 31, 2020.

CURRENCY AND EXCHANGE RATES

In this AIF, unless otherwise specified or the context otherwise requires, all financial amounts are expressed in United States dollars ("**$**" or "**US$**"), which is the Company's financial reporting currency. References to "**C$**" are to Canadian dollars; references to "**TT$**" are to Trinidad and Tobago dollars, and references to "**£**" or "**GBP**" are to UK pounds sterling.

The following table sets forth, for each of the periods indicated, the high and low rates of United States dollars into Canadian dollars and United States dollars into Trinidad and Tobago dollars, the average of the exchange rates during each such period (being the average of the daily mid closing rates during the period) and the end of period rate. Such rates are shown as or derived from the Oanda Corporation website. On March 24, 2021, the closing US$:C$ and US$:TT$ foreign exchange rates were 1.26 and 6.80, respectively.

	Year ended December 31,		
	2020	**2019**	**2018**
Highest rate during the period			
US$:C$	1.45	1.36	1.36
US$:TT$	6.81	6.81	6.80
Lowest rate during the period			
US$:C$	1.27	1.30	1.23
US$:TT$	6.72	6.72	6.69
Average closing rate during the period			
US$:C$	1.34	1.33	1.30
US$:TT$	6.77	6.77	6.74
Rate at the end of the period			
US$:C$	1.27	1.30	1.36
US$:TT$	6.77	6.75	6.80

NON-GAAP TERMS

Terms commonly used in the oil and natural gas industry, such as funds flow from operations, funds flow from per share, operating netback, working capital and net debt may from time to time be used by the Company. These terms do not have a standardized meaning under GAAP and therefore may not be comparable to similar measures presented by other companies. Shareholders and investors are cautioned that these measures should not be construed as alternatives to cash from operating activities, net earnings, net earnings per share, total assets, total liabilities, or other measures of financial performance as determined in accordance with GAAP. Management uses these non-GAAP measures for its own performance measurement and to provide stakeholders with measures to compare the Company's operations over time.

Funds flow from operations is an additional GAAP measure included in the Company's consolidated statements of cash flows. Funds flow from operations represents net earnings (loss) excluding non-cash items. Touchstone considers funds flow from operations to be an important measure of the Company's ability to generate the funds necessary to finance capital expenditures and repay debt. The Company calculates funds flow from operations per share by dividing funds flow from operations by the weighted average number of common shares outstanding during the applicable period.

The Company uses operating netback as a key performance indicator of field results. Operating netback is presented on a total and per barrel basis and is calculated by deducting royalties and operating expenses from petroleum sales. If applicable, the Company also discloses operating netback both prior to realized gains or losses on derivatives and after the impacts of derivatives are included. Realized gains or losses represent the portion of risk management contracts that have settled in cash during the period, and disclosing this impact provides Management and investors with transparent measures that reflect how the Company's risk management program can affect netback metrics. The Company considers operating netback to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices. This measurement assists Management and investors with evaluating operating results on a historical basis. The following table calculates operating netback for the periods indicated.

The Company closely monitors its capital structure with a goal of maintaining a strong financial position to fund current operations and the future growth of the Company. The Company monitors working capital and net debt to assess its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated as current assets minus current liabilities as they appear on the consolidated statements of financial position. Net (surplus) debt is calculated by summing the Company's working capital and the principal (undiscounted) non-current amount of senior secured debt.

CERTAIN DEFINITIONS

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

Selected Defined Terms

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

"**AIM**" means the market of that name operated by the London Stock Exchange plc;

"**Board**" or "**Board of Directors**" means the board of directors of Touchstone;

"**Common Shares**" means the common shares in the capital of the Company of no-par value as constituted on the date hereof;

"**Company**" or "**Touchstone**" means Touchstone Exploration Inc.; a company incorporated under the ABCA and includes its direct and indirect subsidiaries on a consolidated basis where the context requires or permits;

"**CSA 51-324**" means Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators;

"**GAAP**" means Generally Accepted Accounting Principles for publicly accountable entities in Canada which are currently in accordance with IFRS;

"**GLJ**" means GLJ Ltd. (formerly GLJ Petroleum Consultants Ltd.), independent petroleum engineers of Calgary, Alberta;

"**Heritage**" mean Heritage Petroleum Company Limited, the state-owned oil and gas exploration and production company of Trinidad and Tobago (formerly the Petroleum Company of Trinidad and Tobago Limited or "Petrotrin");

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Loan Agreement**" means the seven-year $20 million term loan agreement dated June 15, 2020 among Touchstone Exploration (Trinidad) Ltd. and Republic Bank Limited, acting as sole lender and agent, and any amendments thereto;

"**MEEI**" means the Ministry of Energy and Energy Industries of Trinidad and Tobago (formerly the Ministry of Energy and Energy Affairs of Trinidad and Tobago);

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* adopted by the Canadian Securities Administrators;

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

"NGC" means the National Gas Company of Trinidad and Tobago;

"**Ortoire Licence**" means the Exploration and Production (Public Petroleum Rights) Licence for the Ortoire Block dated October 31, 2014 among The President of the Republic of Trinidad and Tobago, the Minister of Energy and Energy Industries, Petrotrin (subsequently novated to Heritage) and Primera Oil and Gas Limited., and any amendments thereto;

"**person**" or "**persons**" include an individual, body corporate, partnership, syndicate or other form of unincorporated entity;

"**POGL**" means Primera Oil and Gas Limited, an indirect wholly owned subsidiary of the Company incorporated under the laws of Trinidad;

"**Reserves Report**" means the report of GLJ Ltd. dated March 4, 2021 evaluating the oil, natural gas and NGL reserves of the Company as at December 31, 2020;

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

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

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

"**Touchstone Arrangement**" means the arrangement completed May 13, 2014 pursuant to section 193 of the ABCA between Touchstone (formerly Petrobank Energy and Resources Ltd.) and Touchstone Energy (formerly Touchstone Exploration Inc.);

"**Touchstone Energy**" means Touchstone Energy Inc., a wholly owned subsidiary of the Company incorporated under the ABCA;

"**Touchstone Trinidad**" means Touchstone Exploration (Trinidad) Ltd., an indirect wholly owned subsidiary of the Company incorporated under the laws of Trinidad;

"**Trinidad**" means the Republic of Trinidad and Tobago; and

"**TSX**" means the Toronto Stock Exchange.

Selected Oil and Gas Terms

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

"**API**" means the American Petroleum Institute;

"**API gravity**" means the American Petroleum Institute gravity, which is a measure of how heavy or light a petroleum liquid is compared to water. If a petroleum liquid's API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier than water and sinks. API gravity is thus a measure of the relative density of a petroleum liquid and the density of water, but it is used to compare the relative densities of petroleum liquids;

"**Brent**" means the Intercontinental Exchange Brent crude oil benchmark price;

"**COGE Handbook**" means the "Canadian Oil and Gas Evaluation Handbook" maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time;

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

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

"**developed non-producing reserves**" are those reserves that either have not been on production or have previously been on production but are shut-in, and the date of resumption of production is unknown;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing, or if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells;

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future; or

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (a);

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

"**gross**" means:

(a) in relation to a reporting issuer's interest in production or reserves, its "company gross reserves", which are the reporting issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the reporting issuer;

(b) in relation to wells, the total number of wells in which a reporting issuer has an interest; and

(c) in relation to properties, the total area of properties in which a reporting issuer has an interest;

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

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

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

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

"**natural gas**" means a naturally occurring mixture of hydrocarbon gases and other gases;

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

"**net**" means:

(a) in relation to a reporting issuer's interest in production or reserves, the reporting issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the reporting issuer's royalty interests in production or reserves;

(b) in relation to a reporting issuer's interest in wells, the number of wells obtained by aggregating the reporting issuer's working interest in each of its gross wells; and

(c) in relation to a reporting issuer's interest in a property, the total area in which the reporting issuer has an interest multiplied by the working interest owned by the reporting issuer;

"**possible reserves**" are those additional reserves that are less certain to be recovered than probable resources. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves;

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

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

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (a) analysis of drilling, geological, geophysical and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates; and

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

Terms and abbreviations used in the December 31, 2020 Audited Consolidated Financial Statements of the Company and in the appendices to this AIF are defined separately, and the terms and abbreviations defined herein are not used therein, except where otherwise indicated. Otherwise, capitalized terms used in this AIF which have not been defined above shall have the meanings given to them in this AIF.

FORWARD-LOOKING STATEMENTS

Certain information provided in this AIF may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities laws. In addition, Touchstone may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentation by representatives of Touchstone that are not statements of historical fact and may also constitute forward-looking statements. All statements and information, other than statements of historical fact, made by Touchstone that address activities, events, or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance or results.

Such statements represent the Company's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production rates, production decline rates, the magnitude of and ability to recover oil and gas reserves, plans for and results of drilling and recompletion activities, well abandonment costs, the ability to secure necessary personnel, equipment and services, environmental matters, future commodity prices, changes to prevailing regulatory, royalty, tax and environmental laws and regulations, the impact of competition, future capital and other expenditures (including the amount, nature and sources of funding thereof), future financing sources, business prospects and opportunities, risk that the Company will not be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its properties and risks related to lawsuits.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Touchstone.

In particular, forward-looking statements contained in this AIF may include, but are not limited to, statements with respect to:

- the Company's business and operational strategies, including targeted jurisdictions and technologies used to execute its strategies;
- financial condition and outlook and results of operations;
- the Company's financial and operational response to the COVID-19 outbreak and the impact it will have on the Company's future operations and future petroleum pricing;
- future demand for the Company's petroleum products and economic activity in general;
- the Company's future capital expenditure and seismic programs, including the anticipated timing, allocation and costs thereof and the method of funding;
- the Company's estimated timing of development and ultimate production from its Ortoire exploration wells;
- crude oil, natural gas and NGL production levels, estimated field production levels and production test results;

- the performance characteristics of the Company's oil and natural gas properties;
- the quantity and estimated future net revenue from oil, natural gas and NGL reserves and the projections of market prices and costs;
- timing of and the Company's ability to develop unproved reserves;
- expectations regarding the ability of the Company to raise capital and to continually add to reserves through acquisitions and development;
- future development and exploration activities to be undertaken in various areas and timing thereof, including future cash flows to be derived therefrom and the fulfillment of minimum work obligations and exploration commitments;
- terms and estimated future expenditures of the Company's contractual commitments and their timing of settlement;
- terms and title of exploration and production licences and the expected renewal of certain contracts;
- the Company's expectations regarding its ability to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties;
- receipt of anticipated and future regulatory approvals or exploration and production licence amendments;
- access to facilities and infrastructure;
- expected levels of operating costs, general and administration costs and other costs associated with the Company's business;
- the Company's risk management strategy and the future use of commodity derivatives to manage movements in the price of crude oil;
- treatment under current and future governmental regulatory regimes and tax laws;
- tax horizon, royalty rates and future tax and royalty rates enacted in the Company's areas of operations;
- the Company's future liquidity and future sources of liquidity;
- the Company's future compliance with its Loan Agreement covenants, its ability to make future scheduled interest and principal payments;
- the potential of future acquisitions or dispositions;
- general economic and political developments in Trinidad;
- estimated amounts, timing and the anticipated sources of funding for the Company's decommissioning liabilities;
- the Company's negotiated new LOA terms with Heritage and anticipated execution of the LOAs; and
- effect of business and environmental risks on the Company.

Statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. The recovery and reserve estimates of Touchstone's reserves provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. The forward-looking statements are subject to numerous risks and uncertainties discussed herein under "*Risk Factors*", and other factors, many of which are beyond the control of the Company. Readers are cautioned that the list of factors is not exhaustive. Additional information on these and other factors that could affect the Company operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Although the forward-looking statements contained in this AIF are based upon assumptions which Management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this AIF, the Company has made assumptions regarding, but not limited to: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; uninterrupted access to infrastructure; the price of crude oil, natural gas and NGLs; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; recoverability of reserves; royalty rates; future operating costs; receipt of regulatory approvals; that the Company will have sufficient cash from operations, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company's conduct and results of operations will be consistent with its expectations; that the Company will have the ability to develop the Company's oil and natural gas properties in the manner currently contemplated; the current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of the Company's reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that the Company will be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other matters.

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

Management has included the above summary of assumptions and risks related to forward-looking statements and other information provided in this AIF in order to provide Shareholders and investors with a more complete perspective on the Company's current and future operations, and such information may not be appropriate for other purposes. Actual results, performance or achievement could differ materially from that expressed in or implied by any forward-looking statements or information in this AIF, and accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Touchstone undertakes no obligation to update any forward-looking statements or information to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this AIF and other documents of Touchstone are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for Management to predict all of such factors and to assess in advance the impact of each such factor on Touchstone's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Incorporation

1708589 Alberta Ltd. was incorporated on October 24, 2012 under the ABCA, for the purposes of participating in a reorganization, under which, among other things, the business of Petrobank Energy and Resources Ltd. was transitioned to the Company. Effective December 31, 2012, 1708589 Alberta Ltd. changed its name to Petrobank Energy and Resources Ltd.

On May 13, 2014, Touchstone (formerly Petrobank Energy and Resources Ltd.) and Touchstone Energy Inc. (formerly Touchstone Exploration Inc.) completed an arrangement in accordance with section 193 of the ABCA. Pursuant to the Touchstone Arrangement, Touchstone acquired all of the issued and outstanding common shares of Touchstone Energy. Shareholders of Touchstone Energy received 0.471 of a Petrobank Energy and Resources Ltd. common share for each Touchstone Energy common share held. Following the Touchstone Arrangement, the Company consolidated its shares on a two for one basis; Petrobank Energy and Resources Ltd. changed its name to Touchtone Exploration Inc.; and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc.

Touchstone's registered office is located at Suite 3700, 400 - 3rd Avenue SW, Calgary, Alberta, T2P 4H2, and its head office is located at Suite 4100, 350 - 7th Avenue SW, Calgary, Alberta, T2P 3N9.

Business of the Corporation

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

The Company's Common Shares are traded on the Toronto Stock Exchange and the AIM market of the London Stock Exchange under the symbol "**TXP**".

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

Intercorporate Relationships

As of the date hereof, the Company has six directly or indirectly wholly owned subsidiaries. Unless the context otherwise requires, references herein to "Touchstone" or the "Company" mean Touchstone Exploration Inc. or Touchstone Exploration Inc. and its direct and indirect subsidiaries on a consolidated basis, where the context requires.

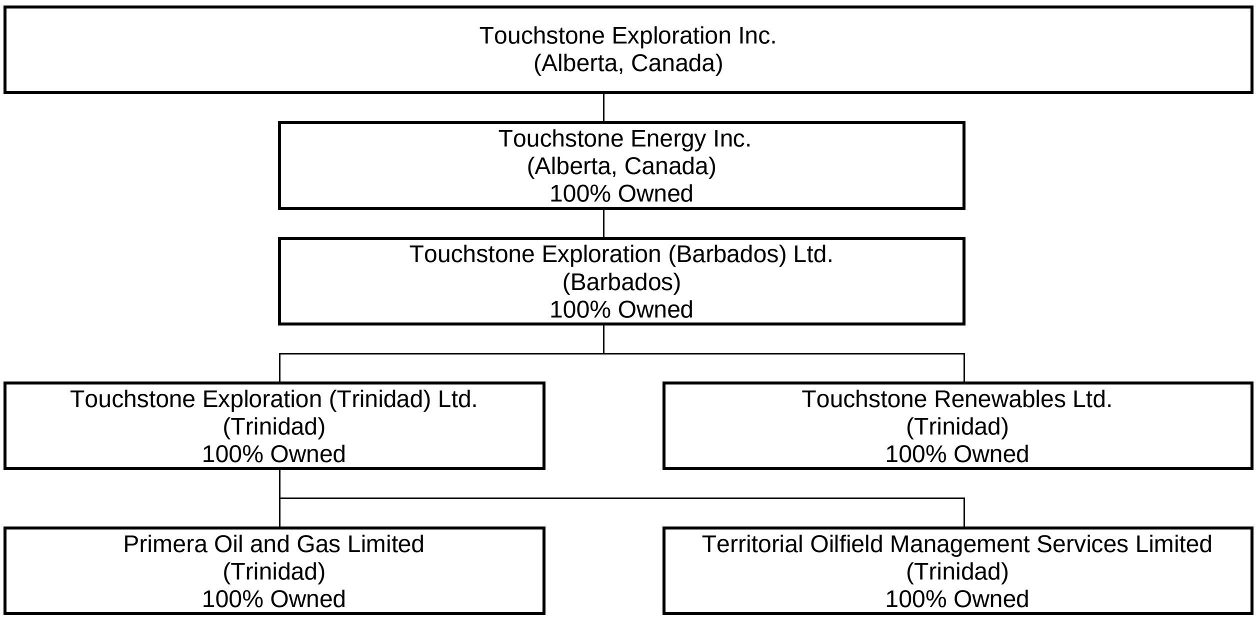
The following table sets forth, as of the date hereof, the name of each material subsidiary, the jurisdiction of incorporation, the percentage of voting shares held, and business conducted by each subsidiary.

Name of subsidiary	Jurisdiction of incorporation	Ownership %	Business conducted
Touchstone Energy Inc.	Alberta, Canada	100	Holding company
Touchstone Exploration (Barbados) Ltd.	Barbados	100	Holding company
Touchstone Exploration (Trinidad) Ltd.	Trinidad	100	Operating oil and gas company
Touchstone Renewables Ltd.	Trinidad	100	Holding company
Primera Oil and Gas Limited	Trinidad	100	Operating oil and gas company
Territorial Oilfield Management Services Limited	Trinidad	100	Operating oil and gas services company

Touchstone provides certain administrative, management and technical support services from Canada to its Trinidad subsidiaries pursuant to a service agreement with Touchstone Trinidad.

Corporate Structure

The following chart illustrates the organizational structure of the Company and its subsidiaries as at the date of this AIF:



The Company's organizational structure facilitates its business as a multi-jurisdictional company whose operations are located outside of Canada. Touchstone currently has three subsidiaries active in oil and gas operations in Trinidad. All of the Company's subsidiaries are domiciled in countries where the legal system is based on the British common law system. Barbados also has a banking system and advisory services (legal and accounting) that are comparable to North America. Barbados and Trinidad each has a double taxation treaty with Canada. Trinidad and Barbados are members of the Caribbean Community and Common Market.

To help manage the risks of a multi-jurisdictional organizational structure, the Company employs knowledgeable people and engages advisors in each country in which the Company operates to review and comment on the organizational and income tax structure as appropriate.

GENERAL DEVELOPMENT OF THE BUSINESS

The following is a description of the events that have influenced the general development of the business of Touchstone and its subsidiaries during the years ended December 31, 2018, 2019 and 2020. For a more detailed description of the business and operations of Touchstone, see "*Description of the Business and Operations*" in this AIF.

Significant Acquisitions

Touchstone did not complete any significant acquisitions during its most recently completed financial year.

On March 6, 2014, Touchstone (formerly Petrobank Energy and Resources Ltd.) entered into an arrangement agreement with Touchstone Energy (formerly Touchstone Exploration Inc.) that provided for the combination of Touchstone and Touchstone Energy. On May 13, 2014, Touchstone completed a court-approved statutory plan of arrangement under the ACBA providing for the acquisition of Touchstone Energy. Pursuant to the Touchstone Arrangement, Touchstone acquired all of the outstanding common shares of Touchstone Energy in exchange for the issuance of 65,519,212 pre-consolidation (32,759,606 post consolidation) Common Shares. Following the Touchstone Arrangement, the Company consolidated its shares on a two for one basis. Petrobank Energy and Resources Ltd. changed its name to Touchtone Exploration Inc., and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc.

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

For additional information on the arrangement agreement, please refer to the full Touchstone Agreement and the related Form 51-102F4, copies of which have been filed by Touchstone on SEDAR (www.sedar.com).

Touchstone's Activities in Canada

Subsequent to the Touchstone Arrangement, the Company focused on transitioning the Company's Canadian operations from a research program using in-situ combustion technology to a true exploration and production operation capable of yielding positive economic returns. In line with this strategy, the Company divested the majority of its Canadian producing properties in 2015. On February 1, 2016, the Company closed the disposal of its Kerrobert facility and various undeveloped land effective December 31, 2015. As a consequence, Touchstone ceased oil and gas operations in Canada.

Touchstone's Activities in Trinidad

Subsequent to the Touchstone Arrangement, the Company has been actively engaged in the development and exploration of its onshore oil and gas properties located in Trinidad.

Admission to AIM and Private Placements

On June 26, 2017, the Company completed an admission and listing on the AIM market of the London Stock Exchange. In conjunction with the AIM admission, the Company placed an additional 20,000,000 Common Shares at a price of 7.25 pence sterling (approximately C$0.12) for net proceeds of $0.6 million. Following the Company's admission to AIM and concurrent private placement, the following private placements were completed:

- December 22, 2017 - net proceeds of $3.6 million raised by issuing 25,784,285 Common Shares to United Kingdom investors at a price of 11.5 pence sterling (approximately C$0.20) per Common Share;
- February 26, 2019 – net proceeds of $4.5 million raised by placing 31,666,667 Common Shares to United Kingdom investors at a price of 12 pence sterling (approximately C$0.21) per Common Share;
- February 26, 2020 – net proceeds of $10.9 million raised by issuing 22,500,000 Common Shares to United Kingdom investors at a price of 40 pence sterling (approximately C$0.69) per Common Share; and
- November 12, 2020 – net proceeds of $28.4 million raised by placing 24,291,866 Common Shares to United Kingdom and Canadian investors at a price of 95 pence sterling and C$1.64 per Common Share.

Three Year History

The following is a summary of significant events in the general development of the business of Touchstone during the last three financial years.

Financial year ending December 31, 2018

In response to the Company's improved financial position from its December 2017 private placement, Touchstone executed an 11 well drilling and 28 well recompletion program in 2018. Operational and financial highlights for the year ended December 31, 2018 were as follows:

- Achieved annual average crude oil production of 1,718 bbls/d, a 25 percent increase relative to the average 1,375 bbls/d produced in 2017.
- Executed a $17.2 million development program, drilling 11 successful crude oil wells, completing nine oil wells, and performing 28 oil well recompletions.
- Increased petroleum sales 53 percent from the prior year, generating $37.7 million versus $24.7 million in 2017.
- Realized an operating netback of $26.68 per barrel, an increase of 53 percent from the $17.41 per barrel generated in 2017.
- Reduced per barrel operating costs by 4 percent and general and administration expenses by 3 percent from the prior year.
- Generated funds flow from operations of $8.5 million ($0.07 per share) compared to $2.4 million ($0.03 per share) realized in 2017.
- Recognized net earnings of $0.4 million ($0.00 per share) compared to a net loss of $0.7 million ($0.01 per share) reported in 2017.

Touchstone was the most active onshore upstream company in Trinidad in 2018, drilling a total of 11 developmental oil wells, nine of which were completed and on production prior to the end of the year. The Company also continued to focus on its Ortoire exploration property, internally identifying four exploration prospects and 14 individual well locations on the property.

Financial year ending December 31, 2019

Throughout 2019, Touchstone conducted minimal capital development activity and continued to allocate capital to exploration activities on its Ortoire property. Operational and financial highlights for the year ended December 31, 2019 were as follows:

- Achieved annual crude oil sales of 1,825 bbls/d, a 6 percent increase relative to the 1,718 bbls/d produced in 2018.
- Executed a $10.1 million exploration program to drill two gross (1.6 net) successful wells.
- Despite an annual 10 percent decrease in Brent reference pricing, realized an operating netback of $26.61 per barrel in 2019, consistent with the $26.68 per barrel generated in the prior year.
- Reduced operating costs by 8 percent and 14 percent on an absolute and per barrel basis from the prior year, respectively.
- Despite a 90 percent annual decrease in discretionary development capital investment, the Company delivered funds flow from operations of $6.8 million ($0.04 per share) compared to $8.5 million ($0.07 per share) realized in 2018.

On February 26, 2019, the Company completed a United Kingdom based private placement, raising net proceeds of $4.5 million. With these funds, the Company commenced its exploration program on the Ortoire block in the second half of 2019, drilling two gross exploration wells (1.6 net). Coho-1, the first natural gas prospect, had an encouraging production test that exceeded the Company's expectations. Touchstone completed drilling its second Ortoire exploration prospect, Cascadura-1ST1, in December 2019, with production testing conducted in February and March 2020 confirming a substantial liquids-rich gas discovery.

Financial year ending December 31, 2020

Throughout 2020, Touchstone conducted minimal capital development activity and continued to allocate capital to exploration activities on the Ortoire property. Operational and financial highlights for the year ended December 31, 2020 were as follows:

- Achieved annual crude oil sales of 1,392 bbls/d, a 24 percent decrease relative to the 1,825 bbls/d produced in 2019. As expected and consistent with 2019, the Company's crude oil production has reduced due to the ongoing impact of natural declines, reflecting a strategic focus on our Ortoire exploration program which has limited development capital investment.
- Executed a high impact, incident free $17.9 million exploration program, primarily focused on drilling two gross (1.6 net) wells.
- Despite limited capital and operational development asset investment and considerably lower crude oil pricing, generated funds flow from operations of $0.3 million (2019 - $6.8 million) and an operating netback of $14.49 per barrel (2019 - $26.61).
- Continued to focus on discretionary cost reductions, with operating costs on a per barrel basis decreasing by 12 percent and general and administrative expenses declining by 6 percent relative to 2019.
- Recognized a net loss of $11.0 million ($0.06 per share) compared to a net loss of $5.6 million ($0.04 per share) in 2019, driven by $11.4 million in net impairment losses recorded in the year predominantly based on lower forecasted crude oil pricing.
- Established a $20 million term loan with a Trinidad based financial institution and successfully accessed capital markets to continue our Ortoire exploration program, raising total net proceeds of $39.2 million from two oversubscribed equity financings.
- Maintained financial flexibility, exiting the year with cash of $24.2 million, working capital of $12.9 million and $7.5 million drawn on the Company's $20 million term credit facility, resulting in a net surplus of $5.4 million.

Proceeds from Touchstone's two private placements in 2020 were used to expand the Ortoire exploration program, as the Company invested $17.9 million in exploration assets during the year. The Company primarily drilled two gross exploration wells (1.6 net) and incurred production testing costs on the Cascadura-1ST1 well drilled in December 2019.

The enhanced liquidity provided from the Company's debt refinancing and its 2020 equity financings are expected to allow Touchstone to fund its exploration program in 2021, with a core focus on drilling the final work commitment exploration well (Royston-1), completing the 2D seismic program, testing the two exploration wells drilled in 2020, and bringing the Coho-1 and Cascadura-1ST1 discoveries onto production in 2021.

The Company expects no changes to its current business in the 2021 financial year.

DESCRIPTION OF THE BUSINESS AND OPERATIONS

As of the date of this AIF, Touchstone is primarily engaged in the exploration for and the acquisition, development and production of hydrocarbons in onshore reservoirs in Trinidad.

Principal Properties

The Company holds interests in producing and exploration properties in southern Trinidad and minimal undeveloped acreage in Saskatchewan, Canada. All properties are operated by Touchstone apart from the Cory Moruga exploration block. A full schedule of the Company's Trinidad property interests as of December 31, 2020 is set forth below.

Property	Working interest (%)	Licence type	Gross acres[(1)]	Net acres[(2)]
Producing				
Coora 1	100	Lease Operatorship	1,230	1,230
Coora 2	100	Lease Operatorship	469	469
WD-4	100	Lease Operatorship	700	700
WD-8	100	Lease Operatorship	650	650
New Dome	100	Farmout Agreement	69	69
South Palo Seco	100	Farmout Agreement	2,167	2,167
Barrackpore	100	Private	211	211
Fyzabad	100	Crown	94	94
Fyzabad	100	Private	470	470
Palo Seco	100	Crown	499	499
San Francique	100	Private	1,277	1,277
	100		**7,836**	**7,836**
Exploratory				
Bovallius	100	Private	827	827
Cory Moruga	16	Crown	7,443	1,206
Moruga	100	Private	1,416	1,416
New Grant	100	Private	193	193
Ortoire	80	Crown	44,731	35,785
Rousillac	100	Private	235	235
Siparia	50	Private	111	56
St. John	100	Private	167	167
	72		**55,123**	**39,885**
Total	**76**		**62,959**	**47,721**

Notes:
(1) "**Gross**" means acres in which the Company has an interest.
(2) "**Net**" means the Company's interest in the gross acres.

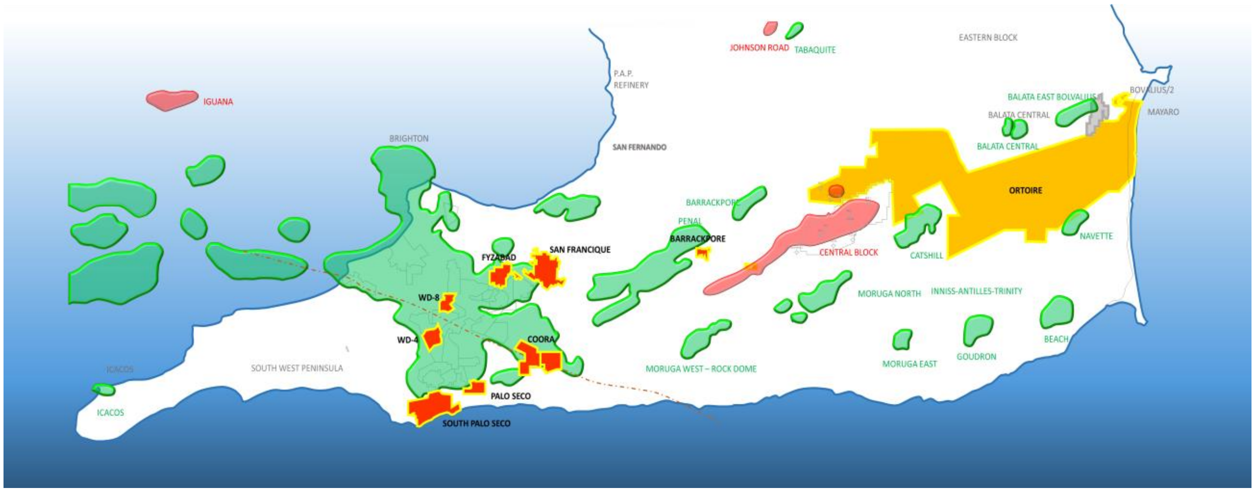
Canadian Operations

Touchstone's head office is located in Calgary, Alberta Canada. All Canadian operations are conducted through the parent company, Touchstone Exploration Inc. Subsequent to the Touchstone Arrangement, the Company focused on divesting all Canadian petroleum assets. Touchstone has no proved, probable or possible reserves associated with the Company's remaining Canadian assets, which represent 3,898 acres of undeveloped land in the Luseland area of Saskatchewan.

Trinidad Operations

Through its indirect wholly owned subsidiary Touchstone Trinidad, the Company is actively engaged in the development and exploration of its onshore oil and gas properties located in Trinidad. With interests in approximately 63,000 gross acres (approximately 48,000 net working interest acres) of exploration and development rights, Touchstone is one of the largest independent onshore oil producers in Trinidad.

Map of Trinidad properties



In Trinidad, the Company has a combination of lease operatorship agreements ("**LOAs**") and farmout agreements ("**FOAs**") with Heritage, state exploration and production licences with the MEEI, and private exploration and production leases with individual landowners.

Core crude oil producing properties

The Company's core developing crude oil producing properties are governed by LOAs with Heritage, where Touchstone operates the fields on a 100 percent working interest basis on behalf of Heritage. Details with respect to the key producing properties are noted below.

<u>Coora</u>

The Coora blocks are administered by two Heritage LOAs (Coora 1 and Coora 2) which consist of an aggregate 1,699 developed acres. On a combined basis, the property currently has 116 producing and 111 non-producing wells (net). Both blocks produce oil out of the Forest and Cruse formations at an average well depth of approximately 4,500 feet. The property was acquired by Touchstone Energy in January 2011, and twelve net wells have been drilled by the Company as of December 31, 2020. Annual 2020 production averaged 427 bbls/d.

<u>WD-4</u>

The WD-4 property is governed by a Heritage LOA that was acquired in November 2012. The block is located in the Grand Ravine area and has 38 producing wells and 21 non-producing wells (net). The wells produce from both the Forest and Cruse formations at an average well depth of 6,600 feet. The Company has drilled eight net wells since acquiring the property through December 31, 2020. The block produced an average of 535 bbls/d in the fiscal year of 2020.

<u>WD-8</u>

The WD-8 field is a mature property that covers approximately 650 net acres and is administered by a Heritage LOA. The field is currently producing from 70 of 121 wells (net) from both the Forest and Cruse formations at an average well depth of 3,400 feet. Since the block was acquired by Touchstone in July 2010, 23 net wells have been drilled by the Company as of December 31, 2020, with 2020 annual average production of 257 bbls/d.

Exploration properties

The Company has interests in a number of small private exploration mineral leases and two larger exploration blocks. Touchstone has a non-operating 16.2 percent interest in the Cory Moruga exploration block which is considered non-core. In addition, Touchstone's offshore East Brighton exploration block licence with the MEEI expired on December 22, 2020; the Company had no future exploration plans for the property. The Company's core exploration focus is the Ortoire exploration block.

Effective October 31, 2014, POGL executed the Ortoire Licence for an 80 percent operated working interest (Heritage holds the remaining 20 percent interest). The Ortoire Licence is effective for an initial term of six years, under which any approved commercial discovery can be extended for a further 19 years. The property is located approximately ten kilometres east of Touchstone's Trinidad office in Fyzabad and covers approximately 44,731 gross acres (35,785 net). The Ortoire Licence contained a commitment for a six-year minimum work program which included technical reviews, an 85-kilometre 2D seismic program and a four-well drilling program.

In October 2020, the Ortoire Licence was extended for an additional nine-month term through July 31, 2021. Pursuant to the Ortoire Licence amendment, the Company's 2D seismic commitment was reduced from 85-line to 20-line kilometres, and the Company is obligated to drill an additional exploration well to a true vertical depth of 10,000 feet prior to June 2021. In February 2021, the MEEI approved the Company's field development plan for the Coho area, which in effect extends the exploration and production licence for the defined 1,317 acre area through October 31, 2039.

Prior to Touchstone commencing operations, 77 wells were historically drilled on the Ortoire Licence area. There are four established pools in the Ortoire block boasting diverse production opportunities: Balata West housing conventional oil in the Herrera formation, Mayaro housing conventional gas in the Gros Morne formation, Maloney boasting conventional oil in the Lower Cruse formation, and Lizard Springs housing fractured shale oil in the Lengua/Karamat formation.

Although the Company has an 80 percent working interest in the Ortoire Licence, it is responsible for 100 percent of the drilling, completion and testing costs associated with the initial five exploration wells. Touchstone drilled two wells in 2019 and two wells in 2020 in respect of the minimum work commitments. The Company expects to spud the remaining minimum work commitment exploration well (Royston-1) in the second quarter of 2021, and surveying and line clearing preparations have commenced regarding the seismic program obligation.

Coho-1 exploration well

The first well, Coho-1, was spudded on August 7, 2019 and was drilled to a total depth of 8,560 feet. Wireline logs indicated approximately 64 feet of prospective natural gas pay in the Herrera Gr7b formation between 5,486 and 5,782 feet. Production testing commenced on November 16, 2019, with an average gross rate of 11.6 MMcf/d (1,925 boe/d) recorded during the final 24-hour extended flow test. Compositional analysis of the produced gas indicated 98.7 percent pure methane, with no hydrogen sulfide content, negligible associated measurable liquids and no sand or sediment. Following flow testing, the well was shut-in for an extended pressure buildup survey which concluded on December 6, 2019. During the buildup period, the Company observed bottom hole pressures returning to pre-test levels of approximately 3,830 psi. Analysis of the testing data supported an initial gross production rate of 10 to 12 MMcf/d (net production rate of 8.0 to 9.6 MMcf/d or 1,333 to 1,600 boe/d, respectively). No physical subsurface boundaries were observed during the pressure buildup test period.

Touchstone received a Certificate of Environmental Clearance in January 2021 regarding pipeline and facility operations to tie-in the well battery to a third-party natural gas processing plant. Pipeline operations and surface facility construction are currently progressing, and the Company anticipates bringing the well onto production in the second quarter of 2021.

Cascadura-1ST1 exploration well

The second exploration well, Cascadura-1, was sidetracked (ST1) and drilled to a total depth of 6,350 feet. Cased hole wireline logs and drilling samples indicated approximately 1,037 feet of prospective hydrocarbon pay in the Cruse and Herrera formations at depths between 1,030 and 6,350 feet.

The first stage of the production test of the Cascadura-1ST1 well was designed to evaluate the lowest 162 feet of prospective pay found in the Herrera Gr7c and Herrera Gr7a formations between 6,056 and 6,218 feet. The final 24-hour extended flow test achieved an average gross production rate in excess of 5,157 boe/d (13 percent liquids), including 26.8 MMcf/d of natural gas and an estimated 691 bbls/d of NGLs.

The second interval of the well was completed on March 6, 2020, and production testing commenced on March 8, 2020, evaluating 345 feet of prospective pay between 5,570 and 5,915 feet in the Herrera Gr7bc formation. During the final 24-hour flow test period, the well averaged a gross production rate in excess of 5,472 boe/d (14 percent liquids), including 28.1 MMcf/d of natural gas and 783 bbls/d of NGLs. Stage two testing yielded 55 degrees API gravity NGLs at a ratio of approximately 28 barrels of NGLs per million cubic feet of natural gas produced. Laboratory analysis of the produced gas indicated liquids-rich natural gas with no hydrogen sulfide content and no measurable solids. Following flow testing, the well was shut-in for an extended pressure buildup survey which concluded on May 13, 2020. During this buildup period Touchstone observed bottom hole pressures returning to pre-test levels of approximately 4,728 psi. No physical boundaries were observed during the pressure buildup test period, and no skin damage was visible at the sandface. Analysis of the data supports an initial gross production rate of 40 to 50 MMcf/d with an estimated 1,100 to 1,400 bbls/d of condensate (net production rate of approximately 6,200 to 7,760 boe/d). Touchstone expects to produce from the upper interval and is currently designing appropriate surface facilities to meet the initial production capabilities.

Chinook-1 exploration well

Chinook-1 was spud on August 13, 2020 and was drilled to a total depth of 10,039 feet on October 13, 2020. The well targeted a separate structural formation 1.5 kilometres south from the successful Cascadura-1ST1 liquids-rich natural gas discovery. Open hole wireline logging data indicated significant natural gas pay totalling approximately 589 net feet in three unique thrust sheets in the Herrera sands.

In the lower zone, 68 net feet of hydrocarbon pay was identified in a sub-thrust sheet of Herrera sands at measured depths between 9,750 and 10,003 feet. This was a previously unknown thrust sheet as no sands of this depth were previously penetrated in the offsetting wells. The Company conducted a production test December of 2020 and January of 2021. During this test, the well recovered trace amounts of 41 degrees API gravity sweet oil along with significant high pressure and high temperature water, which was indicative of encountering a fracture at the base of the formation. With the high volume of water, the zone was considered uneconomic; however, indications of light oil prove the concept of hydrocarbons in the sub-thrust sheet. Based on 3D seismic data, future development locations are anticipated to be positioned structurally up-dip by as much as 1,000 feet from the Chinook-1 well to evaluate the sub-thrust sheet in an optimal structural position.

The Company permanently abandoned the lowermost zone and completed the second zone in the Herrera formation, representing approximately 190 net feet of hydrocarbon pay measured at depths between 8,510 and 8,700 feet. Upon completion, Touchstone encountered 35 degrees API gravity sweet oil and formation water during a production test conducted from February 8, 2021 to March 12, 2021. The second zone has been plugged off, with a planned third zone expected to be completed at measured depths between 8,320 and 8,435 feet prior to the end of March 2021.

Cascadura Deep-1 exploration well

The Cascadura Deep-1 was spud on October 27, 2020, and Touchstone concluded drilling operations on December 19, 2020. The well was drilled to a total depth of 8,303 feet, as operations were suspended prior to the planned total depth of 10,600 feet due to high pressure gas zones encountered while drilling. Open hole wireline logging data indicated natural gas pay totaling approximately 1,315 net feet in four unique thrust sheets in the Herrera sands from a depth of 5,455 feet to total depth. The Company is currently proceeding with completion operations.

Operating Agreements

The Company's LOAs and FOAs with Heritage contain marketing arrangements, whereas any oil sold from MEEI licences and private agreements are marketed under a Heritage crude oil agreement. In addition, the Company executed a long-term natural gas sales agreement related to all future natural gas sales from the Ortoire property in December 2020.

Lease operatorship agreements

The Company's LOAs governing its four core properties (Coora 1, Coora 2, WD-4 and WD-8) with Heritage were amended in December 2020 to extend the maturity dates from December 31, 2020 to March 31, 2021. The LOAs were extended under pre-existing terms and conditions while the Company and Heritage progress on negotiations regarding new ten-year LOAs for each property.

As at the date of this AIF, the negotiation of the new form of LOA for each property has been concluded by the parties. Upon execution, the Company will to be subject to annual minimum production levels and minimum work commitments from 2021 through 2030 under each property agreement. Failing to reach either the annual minimum production levels or complete the annual minimum work obligations will not constitute a breach provided either the minimal productions levels have been attained or the minimum work obligations have been completed, as the case may be. The material terms of the new LOAs are substantially similar to the previous LOAs.

Touchstone satisfied all of its minimum work obligations stipulated in its original LOAs through December 31, 2020, which included drilling 10 wells and performing 11 well recompletions.

Farmout agreements

The Company's FOAs governing its New Dome and South Palo Seco properties with Heritage expire on December 31, 2021. The Company and Heritage have the option to extend the term of the arrangements by five years subject to the parties agreeing on minimal work obligations.

The agreements are subject to five-year minimum work commitments from 2017 through 2021. As of December 31, 2020, the Company satisfied all of its minimum work obligations stipulated in its New Dome FOA through December 31, 2021, which included performing three well recompletions. The South Palo Seco FOA requires drilling two development wells and performing three well recompletions prior to the end of 2021 (see "*Description of the Business and Operations - Summary of Commitments*" for further details). The South Palo Seco property is considered non-core as it represented 0.1 percent of Company crude oil production during the year ended December 31, 2020 (2019 - 0.2 percent) and no proved plus probable reserves at December 31, 2020 (2019 - 0.01 percent of total proved plus probable reserves).

MEEI exploration and production licences

The Company has exploration and production licences with the MEEI for its Fyzabad and Palo Seco producing properties and its Cory Moruga and Ortoire exploration properties. The licences typically are for an initial six-year term, with the option to extend certain acreage a further 19 years upon a commercial discovery. Under its Ortoire Licence, the Company is subject to work commitments through July 31, 2021 (see "*Description of the Business and Operations - Summary of Commitments*" for further details).

The Company's Fyzabad and Palo Seco agreements with the MEEI contain no major work obligations or covenants. The Palo Seco licence expired on August 19, 2013, and Touchstone is currently negotiating a renewal or an extension. The Company has permission from the MEEI to operate in the interim period. The Company has no indication that the licence will not be renewed or extended. The Palo Seco property is considered non-core as it represented 0.6 percent of Company crude oil production during the year ended December 31, 2020 (2019 - 0.6 percent) and 0.03 percent of proved plus probable reserves at December 31, 2020 (2019 - 0.09 percent).

Private lease agreements

Touchstone also negotiates private lease agreements with individual landowners. Lease terms are typically 35 years in duration and contain no minimum work obligations. The Company is operating under a number of Trinidad private lease agreements which have expired and are currently being renewed. Based on legal opinions received, Touchstone is continuing to recognize petroleum sales on the producing properties because the Company is the operator, is paying all associated royalties and taxes, and no title to the producing properties has been disputed. The Company currently has no indication that any of the producing expired leases will not be renewed. The continuation of production from expired private leases during the renegotiation process is common in Trinidad based on antiquated land title processes. During the year ended December 31, 2020, production volumes produced under expired private lease agreements represented 1.8 percent of total Company production (2019 - 1.8 percent).

Crude oil marketing agreement

On January 14, 1974, Premier Consolidated Oilfields Limited, the Company's predecessor in interest, and Texaco Trinidad Inc., Petrotrin's predecessor, entered into a Crude Oil Purchase Agreement whereby Petrotrin committed to purchase all petroleum crude oil produced by POGL from various producing properties operating under MEEI licences and private lease agreements. The agreement was novated to Heritage on December 1, 2018. The agreement, as amended from time to time, has continued to have an indefinite term and may be terminated by either party upon three months' notice. The price currently paid is Heritage's equity land blend indexed price, payable in US$.

Natural gas sales contract

On December 18, 2020, NGC and POGL executed a natural gas sales agreement for all future natural gas production from the Ortoire block. Future natural gas sales are based on a fixed US$ price per MMBtu, with an annual inflation escalator. The parties may renegotiate the natural gas sales price on each fifth anniversary of the initial production date. Touchstone shall deliver all future natural gas production at the edge of the specific well site battery, with title, risk of loss and other customary matters dealt with at the delivery point, thereby eliminating transportation and processing charges. Payment terms are industry standard and shall be paid in US$ on a monthly basis. Any potential free liquids associated with future natural gas production on the Ortoire block will be marketed by POGL under a separate arrangement.

Summary of Commitments

As noted above, the Company has minimum work obligations under various operating agreements with Heritage, exploration commitments under the Ortoire Licence and various lease commitments for office space and equipment.

The following table sets forth Touchstone's estimated minimum contractual capital requirements as at December 31, 2020.

($000's)		Estimated payments due by year			
	Total	**2021**	**2022**	**2023**	**Thereafter**
Operating agreement commitments					
Coora blocks	**4**	4	-	-	-
WD-4 block	**9**	9	-	-	-
WD-8 block	**8**	8	-	-	-
New Dome block	**2**	2	-	-	-
South Palo Seco block	**796**	796	-	-	-
Fyzabad block	**912**	74	76	77	685
Ortoire exploration block	**8,812**	8,812	-	-	-
Office and equipment leases	**1,122**	440	128	128	426
Minimum payments	**11,665**	**10,145**	**204**	**205**	**1,111**

Under the terms of its Heritage operating agreements, Touchstone must fulfill minimum work obligations on an annual basis over the specific licence term. With respect to these obligations, as at December 31, 2020, the Company had two shallow development wells and three heavy workovers to perform prior to the end of 2021 under its South Palo Seco FOA.

The Company has completed negotiations regarding new ten-year lease operatorship agreements relating to the Company's core Coora-1, Coora-2, WD-4 and WD-8 development blocks with Heritage (see "*Description of the Business and Operations - Operating Agreements*"). The arrangements include minimum work obligations for each property which are not disclosed in the table above.

The Company's Ortoire Licence, which was originally set to expire on October 31, 2020, was extended for an additional nine-month term through July 31, 2021. Pursuant to the Ortoire Licence amendment, the Company's 2D seismic commitment was reduced from 85-line to 20-line kilometres, and the Company is obligated to drill an additional exploration well to a true vertical depth of 10,000 feet prior to June 2021. As at December 31, 2020, the Company drilled four of five exploration minimum commitment wells and commenced planning the required 2021 seismic program obligation. The following table sets forth the Company's December 31, 2020 estimated costs and timing of its minimum 2021 Ortoire Licence exploration commitments.

($000's)		Estimated payments due by year			
	Total	**2021**	**2022**	**2023**	**Thereafter**
Lease payments	**312**	312	-	-	-
2D seismic	**2,500**	2,500	-	-	-
Drilling commitments	**6,000**	6,000	-	-	-
Minimum payments	**8,812**	**8,812**	**-**	**-**	**-**

In March 2021, the Company entered into a minimum three-year drilling services contract with a third-party to supply a North American based drilling rig to Trinidad in late 2021. Pursuant to the contract, the Company is required to utilize the rig for a minimum of 120 days per annum over the initial three-year term and is obligated to pay for rig mobilization and demobilization costs.

Decommissioning Liabilities and Abandonment Fund

The Company's decommissioning and reclamation liabilities relate to future site restoration and well abandonment costs including the costs of production equipment removal and land reclamation based on current environmental regulations.

Pursuant to production and exploration licences with the MEEI, the Company is obligated to remit $0.25 per barrel sold into an escrow account in the name of the MEEI. The payments are used as a contingency fund for remediation of pollution arising from petroleum operations carried out under the relevant licence and the eventual abandonment of wells and decommissioning of facilities used for operations conducted under the relevant licence. The MEEI shall return the funds in the escrow account once all obligations in respect of environmental remediation are fulfilled to the satisfaction of the MEEI. Contributions to the fund are reflected on the consolidated statements of financial position as non-current abandonment fund assets.

With respect to decommissioning liabilities associated with the Company's leases with Heritage, the Company is obligated for its proportional cost of all abandonments defined as its percentage of crude oil sold in a well in comparison to the well's cumulative historical production. The Company is not responsible for the decommissioning of existing infrastructure and sales facilities. The Company is obligated to remit $0.25 per barrel sold to Heritage into a joint well abandonment fund. These funds are used solely for well decommissioning. Any costs of wells that are abandoned during the relevant licence term are credited against any future contributions of the well abandonment fund. Upon expiration of the relevant agreement, Heritage shall calculate the Company's total abandonment liability. If Touchstone's liability exceeds the well abandonment fund, the Company is obligated to pay the difference. Conversely, if the proceeds of the fund exceed the liability, the surplus shall be returned to Touchstone.

Pursuant to its Heritage operating agreements, the Company funds Heritage's $0.25 per barrel obligation with respect to Heritage's head licence commitments with the MEEI. As the Company cannot access the contributions for its future well abandonments and all contributions are non-refundable, the payments are included in operating expenses as incurred. Additionally, the Company is obligated to remit $0.03 per barrel to Heritage into a general abandonment fund. The non-refundable proceeds are used as a contingency fund for the decommissioning and removal of infrastructure and facilities within a property and are expensed to operating costs as incurred. The Company is responsible for all site restoration, well abandonment costs and removal of infrastructure and facilities used in petroleum operations conducted on its private production and exploration agreements.

Based on December 31, 2020 estimates and excluding salvage value, the total anticipated Trinidad undiscounted future cost of abandonment and reclamation to be incurred over the life of the reserves was approximately $15.9 million ($19.0 million on an inflation adjusted basis). For consolidated financial statement purposes, as of December 31, 2020 the Company calculated the inflation adjusted discounted Trinidad decommissioning liabilities to be $11.9 million. The decommissioning obligation was estimated based on the Company's net ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities, the estimated rate of inflation, and the estimated timing of the costs to be incurred in future periods. Further information regarding decommissioning liabilities for the years ended December 31, 2020 and 2019 are included in Note 15 "*Decommissioning Liabilities and Abandonment Fund*" to the consolidated financial statements of the Company for the year ended December 31, 2020, which can be found on the Company's SEDAR profile (www.sedar.com).

Specialized Skill and Knowledge

Operations in the oil and natural gas industry mean that Touchstone requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and production of hydrocarbons, the Company utilizes the expertise of geophysicists, geologists, petroleum engineers and other local and international advisors.

Competitive Conditions

There is considerable competition in the worldwide oil and natural gas industry, including in Trinidad and Canada where the Company's assets, activities, and employees are located. Operators more established than the Company, with access to broader technical skills, larger amounts of capital and other resources, are active in the industry in Trinidad and Canada. This represents a significant risk for the Company, which must rely on modest resources as compared to some of its competitors. See "*Risk Factors*" in this AIF for further information.

Cyclical Nature of Business

The Company's operational results and financial condition are dependent on the prices received for crude oil and future anticipated natural gas production. Crude oil prices have fluctuated widely during recent years and are determined by worldwide supply and demand factors, including political and general economic conditions, as well as conditions in other oil regions and the continuing effects of COVID-19 on worldwide crude oil demand. Any decline in crude oil prices could have an adverse effect on the Company's financial condition.

Another trend is the volatility in the external capital markets that the industry is currently experiencing, which impacts publicly traded entities in the event that they seek to raise additional equity. In Management's view, this can be partly attributed to uncertainty regarding the future growth prospects for world economies and the future supply and demand for crude oil. See "*Risk Factors*" in this AIF for further information.

Trinidad Economic Dependence

The Company holds the majority of its oil and gas interests indirectly through government issued exploration and production licences with the MEEI and production sharing contracts such as LOA or FOA agreements with Heritage. These licences and agreements entitle the Company's subsidiaries to retain cash flows from the operation of the assets but do not entitle the Company or its subsidiaries to ownership of any reserves. These licences and agreements contain significant obligations on the part of the Company's subsidiaries which, upon a continuing default, may give rise to the termination of the Company's indirect interest therein. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, Touchstone may lose certain exploration and production rights on the blocks affected and may be subject to certain financial penalties that would be levied by the MEEI or Heritage, as applicable. In certain circumstances, these licences or agreements may be terminated at the MEEI's or Heritage's discretion and are subject to a defined term with no certainty as to any renewal.

The Company's subsidiaries sell all of their current crude oil produced from operating blocks to Heritage and are paid the market value thereof net of crown royalties, notional over-riding royalties, enhanced notional over-riding royalties, abandonment fund payments, reimbursements and charges as well as defined contributions under the applicable head licence. All liquid production is required to be sold to Heritage based on global export prices for similar crudes adjusted for quality differentials in accordance with regularly established practices. The Company is further exposed to sole purchaser risk as NGC is the sole purchaser of future natural gas production.

Touchstone's ability to market its crude oil, natural gas and NGLs depends upon numerous factors beyond its control, including: the availability of pipeline capacity; the supply of and demand for crude oil, natural gas and NGLs; the availability of alternative fuel sources; Heritage's and NGC's future financial viability and ability to remain a going concern; and the effects of weather conditions. Deliverability uncertainties relate to third-party processing and storage facilities, operational problems affecting pipelines and facilities as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of crude oil and domestic demand for natural gas. Because of these factors, Touchstone could be unable to market all of the petroleum it produces. In addition, Touchstone may be unable to obtain competitive prices for the crude oil it produces. See "*Risk Factors*" in this AIF for further information.

Environmental Protection

The Company operates under the jurisdiction of a number of regulatory bodies and agencies in Trinidad that set forth numerous prohibitions and requirements with respect to planning and approval processes related to land use, sustainable resource management, water management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife, and the environment and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and gas industry operations. The legislation addresses various permits, including for drilling, well completion, installation of pipelines and surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas. In addition, certain types of operations may require the submission and approval of environmental impact assessments. Environmental legislation and policy are periodically amended. Such amendments may result in stricter standards and enforcement and more stringent fines and penalties for non-compliance.

Although environmental regulations and the procurement of the necessary approvals have resulted in capital project delays in the past, environmental protection requirements have not had a significant financial effect on the Company's capital expenditures, net earnings or competitive position. Subject to any changes in current environmental protection legislation, or in the way the legislation is interpreted in the jurisdictions in which it operates, the Company does not presently anticipate environmental protection requirements will have a significant effect of such matters in 2021. The Company is exposed to potential environmental liability in connection with its business of oil and natural gas exploration and production.

The Company believes that it continues to be in compliance with applicable existing environmental laws and regulations and is not aware of any proposed environmental legislation or regulations with which it would not be in material compliance. However, the petroleum industry may in the future become subject to more stringent environmental protection rules. This could increase the cost of doing business and may have a negative impact on net earnings in the future. See "*Risk Factors*" in this AIF for further information.

Trends in Environmental Regulation

The Company is of the opinion that it is reasonably likely that in its areas of operation the trend towards stricter standards in environmental legislation and regulation will continue. The Company anticipates increased capital and operating expenditures as a result of increasingly stringent laws relating to the protection of the environment. No assurance can be given that environmental laws will not result in a curtailment of production or material increase in the costs of production, development or explorations activities, or otherwise adversely affect the Company's financial condition, capital expenditures, results of operations, competitive position or prospects. See "*Risk Factors*" in this AIF for further information.

Employees

In Trinidad, 76 full-time-equivalent employees were working for Touchstone as at December 31, 2020 and 2019. At Touchstone's Canadian head office, 16 full-time-equivalent employees were employed as at December 31, 2020 versus 15 at December 31, 2019. Additional engineering, geological, and drilling consultants are engaged on an as-needed, contract basis to provide technical services. The level of staffing will vary based on future operational and administrative demands.

Risks of Foreign Operations

All of the Company's oil and gas operations occur outside of Canada and therefore are subject to political and regulatory risks in those jurisdictions. To date Touchstone has concentrated a substantial number of its activities and resources to Trinidad, and the Company expects its short-term property acquisition strategy to be confined to acquisition and consolidation opportunities within Trinidad. However, the Board is constantly reviewing opportunities in international jurisdictions and may, in its discretion, approve asset or corporate acquisitions or investments outside of Trinidad that are deemed in the Company's best interest. All of the Company's oil and natural gas operations are therefore subject to political and regulatory risk in those foreign jurisdictions. In addition, the Company has implemented an Anti-Bribery and Anti-Corruption Policy. See "*Risk Factors*" in this AIF for further information.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or any of its subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

Reorganizations

There have been no material reorganizations of the Company or any of its subsidiaries within the three most recently completed financial years or during or proposed for the current financial year. See "*General Development of the Business - Significant Acquisitions*" for further details on the 2014 Touchstone Arrangement.

Social or Environmental Policies

HSE policies and procedures

Environmental stewardship is a core value at Touchstone, and the Company is focused on reducing the environmental impact of its exploration and production operations by continuously monitoring environmental impact, developing corporate strategies, and investing in new technologies to address any risks. Touchstone Trinidad has a health, safety and environment ("**HSE**") department with oversight of workers' health, safety and environmental stewardship.

The Company's main environmental strategies include the preparation of comprehensive environmental impact assessments and creating all encompassing environmental management plans. Touchstone is committed to meeting its responsibilities to protect the environment wherever it operates and will take such steps as required to ensure compliance with environmental legislation. Monitoring and reporting programs for HSE performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met in Trinidad. The Company maintains an active comprehensive integrity monitoring and management program for its wells, surface piping, facilities and storage tanks. Contingency plans are in place for a timely response to an environmental event, and abandonment, remediation and reclamation programs are in place and utilized to restore the environment.

The Company expects to incur abandonment and site reclamation costs as existing oil and gas properties are abandoned and reclaimed (refer to "*Description of the Business and Operations - Decommissioning Liabilities and Abandonment Fund*" herein). Expenditures in 2020 for normal compliance with environmental regulations as well as expenditures beyond normal compliance were not material. The Company expects to remit approximately $1.3 million in 2021 to Heritage based on historical well and general abandonment fund contributions that have yet to be transferred to a joint abandonment fund.

Management is responsible for reviewing the Company's internal control systems in the areas of HSE and strategies and policies regarding HSE, including the Company's emergency response plan. Management reports to the Board on a quarterly basis with respect to HSE matters, including: (i) compliance with all applicable laws and regulations policies with respect to HSE; (ii) on emerging trends, issues and regulations related to HSE that are relevant to the Company; (iii) the findings of any significant report by regulatory agencies, external HSE consultants or auditors concerning performance in HSE; (iv) any necessary corrective measures taken to address issues and risks with regards to the Company's performance in the areas of HSE that have been identified by Management, external auditors or by regulatory agencies; (v) the results of any review with Management, outside accountants, external consultants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities, decommissioning of facilities or ongoing drilling and development operations; and (vi) all incidents and near misses with respect to the Company's operations, including corrective actions taken as a result thereof.

Environment and community values and commitment

Touchstone maintains a vision and values statement that sets out its corporate responsibility commitments on environmental sustainability, health, safety and public engagement in those areas where it operates, all within the context of business integrity. Touchstone uses best environmental practices in the planning, design, and implementation of exploration programs and petroleum production. The objective is to minimize the environmental footprint of its operations and at the same time pursue new technologies which also contribute to this objective. Touchstone is committed to providing a healthy and safe working environment for employees, contractors and the general public. This is supported by dedicated staff and contractors who provide on-site health and safety support as well as ongoing hazard assessments, interim and annual audits and training programs. Emergency response planning is integrated into all projects.

Touchstone is committed to cultivating the wellbeing of the communities where it operates. The Company recognises that the local community is an important stakeholder group where the Company conducts its operations and that the ultimate success of its operations means creating shared benefits with surrounding communities. The Company has established policies and practices that complement its basic responsibilities as a development tool for local communities in Trinidad. The Company's social responsibility strategy aims at creating local employment opportunities and providing industry education and health training programs. Through investing in environmental and social initiatives, the Company aims to support the communities by setting goals that promote sustainable development. Sustainability is a multidisciplinary focus that balances economic growth, environmental stewardship and social responsibility.

Touchstone is proactive in its communications with the local communities in which it is actively exploring or developing projects. The goal is to establish open and fair consultation processes with all stakeholders, provide information on local business and employment opportunities, identify areas of interest or concern and develop mutually beneficial working relationships. Developing strong relationships with local authorities, goods and service providers, social and environmental organizations, health and education leaders, youth leaders, and role models is vital to the Company's core values and beliefs. When establishing healthy and positive relations with other entities, it directly or indirectly contributes to the success of the Company while fostering friendships, camaraderie, and valuable professional networks. Community involvement embodies the Company's core corporate values and beliefs, and it supports causes that contribute positively to the quality of life in members of the communities in which the Company operates.

INDUSTRY CONDITIONS

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

Economic and Market Conditions

The islands of Trinidad and Tobago are the southernmost islands in the Caribbean and are located between the Atlantic Ocean and the Caribbean Sea, northeast of Venezuela. The southern tip of the island lies 11 kilometres from the Venezuelan mainland, while the island of Tobago lies approximately 30 kilometres northeast of Trinidad. Trinidad is the largest economy in the Caribbean Community, and its petroleum sector is the main driver of economic growth. The domestic manufacturing sector is also diverse, with businesses in areas such as food processing, pharmaceuticals, alcoholic beverages, cosmetics, steel, cement, glass and plastics. Tobago is mainly dependent on tourism as it has a strong nature and ecotourism appeal.

Trinidad is the Caribbean's largest producer of oil and natural gas and has been involved in the petroleum sector for over one hundred years with cumulative production since 1908 totalling approximately three billion barrels of oil. According to the June 2020 BP Statistical Review of World Energy, Trinidad had proved crude oil reserves of 0.2 billion barrels and proved natural gas reserves of 10.2 trillion cubic feet as of December 31, 2019. The country produced an average of 82,000 barrels of crude oil per day and a total of 34.6 billion cubic metres of natural gas in 2019. The country has developed significant infrastructure in support of the energy industry and in 2019 was the world's ninth largest liquid natural gas ("**LNG**") exporter and the largest LNG exporter to the United States and Canada. The country boasts one of the largest natural gas processing facilities in the Western Hemisphere, with a processing capacity of almost two billion cubic feet per day and an output capacity of 70,000 boe/d of natural gas liquids. Trinidad also has a methanol export facility at Point Lisas. The petroleum and petrochemical industries typically account for approximately 40 percent of Trinidad's gross domestic product ("**GDP**").

Nevertheless, the business sector is not without challenges. This jurisdiction was ranked 79 out of 141 countries in the World Economic Forum's Global Competitiveness Report 2019. Moreover, in the World Bank's Doing Business 2020 Report, the country was ranked 105 out of 190 countries in Ease of Doing Business with weak scores in areas such as enforcing contracts, paying taxes and registering property.

Petrotrin, the former state-owned national oil and gas Company, ceased operations on November 30, 2018, transferring all operations and assets to Trinidad Petroleum Holdings Limited. The exploration and production oil and gas assets are operated by Heritage, and the fuel marketing and retailing operations are managed by the Paria Fuel Trading Company. Effective November 30, 2018, Petrotrin ceased refinery operations at its 165,000 bbls/d Point-a-Pierre refinery due to mounting operational losses. All crude oil has been exported for processing at international facilities, and finished petroleum products continue to be imported for domestic sales and distribution. Concerning the sale of the refinery formerly owned by the now defunct Petrotrin, the Trinidad government has instructed the evaluation committee to review Patriotic Energies and Technologies Company Limited's latest proposal, after rejecting the company's initial offer to take control of the refinery. The committee is required to submit its recommendations to cabinet by November 30, 2021.

The COVID-19 pandemic continues to have broad-based negative impacts on the performance of the domestic economy, particularly the energy sector. Per the Central Bank of Trinidad and Tobago, planned maintenance at two large facilities, coupled with a fall in demand for Trinidad and Tobago's energy exports related to COVID-19 and the resultant closure of several downstream petrochemical plants during the year, resulted in significant declines in the production of natural gas and related energy sector products. In the third quarter of 2020, the sector declined by 14.9 per cent (year-on-year) due to contractions in both natural gas production (19.9 percent) and crude oil production (2.3 percent). Lower natural gas production together with planned maintenance at the NGL facility affected refining activity with output of LNG and NGLs falling by 19.9 percent and 20.8 percent, respectively. Activity in the petrochemicals industry declined 31.1 percent, aided by planned maintenance activity in September on second largest methanol plant in the country. Further, economic activity in the non-energy sector was relatively flat in the third quarter of 2020. However, the Central Bank of Trinidad and Tobago believes that the declines experienced by the energy sector in 2020 are not expected to persist at the same pace in 2021, and the non-energy sector appears to be in an early phase of recovery.

The Central Bank of Trinidad and Tobago reported that real GDP contracted at a pace of 1.2 percent in 2019, following marginal growth of 0.1% in 2018. Primarily from the effects of COVID-19, the International Monetary Fund forecasts an annual decline of real GDP of 5.6 percent for 2020, with positive growth forecasted in the 2021 to 2025 periods.

The Central Bank of Trinidad and Tobago has continued to make bi-monthly interventions to maintain a stable exchange rate vis-à-vis the US$. Anecdotal evidence continues to suggest the existence of an informal parallel market. The decline in export earnings and the tight foreign exchange market have placed some pressure on the TT$, which has depreciated slightly over the last five years. The TT$/US$ exchange rate averaged 6.67 in 2016 but has since increased to 6.77 in 2020. While the foreign reserves position weakened over the abovementioned period, it is still considered to be healthy, as official international reserves were US$6.95 billion at the end of 2020, US$24.8 million higher than at the beginning of the year. The improvement in the level of reserves primarily stemmed from inflows associated with drawdowns from the Heritage and Stabilisation Fund and proceeds from central government external borrowings, both aimed at mitigating the negative impacts of COVID-19 on the domestic economy.

Royalties

The following is a discussion of the royalty regime affecting the Company as at December 31, 2020.

Crude oil producing properties

Touchstone is obligated to pay a crown royalty rate of 12.5 percent on all petroleum production under MEEI and Heritage licences. For private leases, the Company incurs private royalties between 10 percent and

12.5 percent of petroleum sales.

On the Coora, WD-4 and WD-8 blocks, Touchstone operates under LOAs with Heritage, which in addition to crown royalties apply a sliding scale notional overriding royalty ("**ORR**") on predefined monthly base production levels. For any monthly volumes sold in excess of base production levels, the Company incurs an enhanced ORR ("**Enhanced ORR**"). The ORR and Enhanced ORR rates are indexed to the average price of oil realized in the production month. The LOA rates attributable to the 2019 and 2020 years are set forth in the table below.

In addition to crown royalties, the FOAs governing the South Palo Seco and New Dome properties stipulate ORR rates on predefined base monthly production levels and Enhanced ORR rates for any incremental monthly production in excess of base amounts. Similar to the LOA structure, the ORR and Enhanced ORR rates are indexed to the average price of oil realized in a production month as reflected in the following table.

Monthly realized oil price *(US$)*	**2019 - 2020 LOA Royalty %(1)**		**2019 – 2021 FOA Royalty %(2)**	
	ORR	**Enhanced ORR**	**ORR**	**Enhanced ORR**
≤ $10.00	10.0	8.0	7.0	4.0
$10.01 - $20.00	13.0	9.0	10.0	5.0
$20.01 - $30.00	15.0	10.0	12.0	6.0
$30.01 - $40.00	20.0	12.0	15.0	9.0
$40.01 - $50.00	25.0	13.0	18.0	10.0
$50.01 - $90.00	33.0	17.5	23.0	15.0

Notes:
(1) LOA royalty rates included in this table are currently effective through March 31, 2021. Touchstone and Heritage have completed negotiations regarding new ten-year LOAs for each property. Accordingly, upon execution the LOA royalty rates effective from 2021 through 2030 will differ from the royalty rates disclosed above.
(2) FOA royalty rates included in this table are currently effective through December 31, 2021.

Ortoire exploration property

On its Ortoire concession, the Company operates under an exploration and production licence with the MEEI, with Heritage a 20 percent working interest partner. All crude oil, natural gas and NGLs are subject to a 12.5 percent crown royalty.

Income Taxes

The following is a discussion of the income tax regime affecting the Company's operations as at December 31, 2020.

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

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

- Supplemental Petroleum Tax ("**SPT**") — 18 percent of gross liquids revenue less royalties
- Petroleum Profits Tax ("**PPT**") — 50 percent of net taxable profits
- Unemployment Levy ("**UL**") — 5 percent of net taxable profits
- Green Fund Levy — 0.3 percent of gross revenue

SPT is computed and remitted on a quarterly basis and is applicable to produced petroleum liquids. Actual rates vary based on the realized selling prices of crude oil in the applicable quarter. The SPT rate is nil when the weighted average realized price of oil for a given quarter is below $50.00 per barrel and 18 percent when weighted average realized oil prices fall between $50.00 and $90.00. For the years 2021 and 2022, the threshold for SPT has increased from $50.00 to $75.00 effective January 1, 2021. The revenue base for the calculation of SPT is petroleum sales less royalties paid, less 25 percent investment tax credits on mature oilfields for allowable tangible and intangible capital expenditures incurred in the applicable fiscal quarter. The Company's Ortoire property is not considered a mature oilfield, and thus no capital spending investment tax credits are applicable.

Annual PPT and UL taxes are calculated based on net taxable profits. Net taxable profits are determined by calculating gross revenue less: royalties, SPT paid during the year, capital allowances, operating, administration and certain finance expenses. PPT losses may be carried forward indefinitely to reduce PPT in future years but can only be used to shelter a maximum of 75 percent of income subject to PPT per annum. UL losses cannot be carried forward to reduce future year UL. Developmental and exploratory capital expenditure allowances (tangible and intangible) are amortized on a five-year straight-line basis.

The Company has a Trinidad oilfield service subsidiary, which primarily leases oilfield service equipment to third-party contractors for use in its exploration and production entities. The Company is subject to the greater of a 30 percent corporation income tax calculated on net taxable profits or a 0.6 percent business levy calculated on gross revenue. The service company is also subject to the green fund levy noted above. All corporate income tax losses can be carried forward indefinitely, and allowances vary from 10 percent to 33.3 percent for various capital expenditures incurred in the year.

Regulatory Regime

Touchstone works with the MEEI and Heritage as required on regulatory matters relating to day-to-day operations as well as all exploration and development projects. Oil and gas exploration and development activities and the petroleum industry overall are governed by the Petroleum Act (1969), the Petroleum Regulations (1970) made thereunder, and the Petroleum Tax Act (1974). Activities conducted on LOA and FOA properties are further governed by operating agreements with Heritage which give Heritage a measured oversight of all activities occurring on the properties.

Touchstone strives to meet or exceed the regulatory standards outlined by all governing agreements and regulations, and the Company is currently compliant with all requirements outlined under the various governmental regulations.

Environmental Regulation

From an environmental perspective, Touchstone's operations in Trinidad are regulated by the Environmental Management Authority (the "**EMA**") with additional oversight from Heritage on LOA and FOA properties. The EMA was established from and oversees regulation of the Environmental Management Act 2000 of Trinidad and Tobago. The Environmental Management Act governs the protection, conservation, enhancement, and wise use of the environment of Trinidad and Tobago. Further environmental regulation may, under certain circumstances, fall under the regulation of the Water and Sewerage Authority of Trinidad and Tobago.

Touchstone is sensitive to the environmental impact of its operations and, under the supervision of the Company's HSE department, works closely with regulatory agencies and industry partners to be compliant with all environmental regulations in Trinidad and to meet international best practices wherever possible.

FORM 51-101F1
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION OF TOUCHSTONE EXPLORATION INC.

This statement of reserves data and other oil and gas information of Touchstone Exploration Inc. (the "**Reserves Data**") is dated March 25, 2021. The effective date of the Reserves Data was December 31, 2020, and the preparation date of the Reserves Data was March 3, 2021. All of the Company's reserves are located in the Republic of Trinidad and Tobago.

Disclosure of Reserves Data

The Reserves Data set forth below are based upon an evaluation by GLJ set out in the Reserves Report dated March 4, 2020 with an effective date of December 31, 2020. The Reserves Data summarize the oil, natural gas and NGL reserves of the Company and the net present values of future net revenue for such reserves using forecast prices and costs as at December 31, 2020 prior to provision for interest, general and administration expenses, the impact of any financial derivatives or liabilities associated with the abandonment and reclamation of certain facilities and wells. The Company does not have any coal bed methane, synthetic crude oil, bitumen, gas hydrates, shale gas, synthetic gas, or tight oil production or reserves.

The reserve estimates presented in the Reserves Report are based on the guidelines contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. A summary of those definitions is set forth in the "*Certain Definitions*" section of this AIF. GLJ was engaged to provide independent evaluations of proved reserves, proved plus probable reserves and proved plus probable plus possible reserves for all of the Company's producing crude oil properties and the Coho and Cascadura natural gas prospects in Trinidad. Additional information not required by NI 51-101 has been presented to provide continuity and clarity, which the Company believes is important to the readers of this information.

The Reserves Committee of the Board of Directors and the Board of Directors have reviewed and approved the Reserves Report. The Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor and the Report of Management and Directors on Oil and Gas Disclosure are attached as Appendices "A" and "B" hereto, respectively.

It should not be assumed that the estimated future net revenue figures contained in the following tables represent the fair market value of the reserves. There is no assurance forecast prices, nor cost assumptions will be attained, and variances could be material. There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this AIF are estimates only. The recovery and reserve estimates of the crude oil, natural gas and NGL reserves provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. Readers should review the definitions and information contained in "*Certain Definitions*" in conjunction with the following tables and notes. For further information as to the risks involved, see "*Risk Factors*".

In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil, natural gas and NGLs, royalty rates, tax rates, the assumed effects of regulation by governmental agencies, and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil, natural gas and NGL reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary, and such variations may be material. The actual production, petroleum revenue, taxes, development and operating expenditures with respect to the reserves associated with the Company's properties may vary from the information presented herein, and such variations could be material. In addition, there is no assurance that the forecast price and cost assumptions contained in the Reserves Report will be attained, and variances could be material. See "*Risk Factors*" and "*Forward-Looking Statements*" for further information.

The estimates of reserves and future development capital for individual properties may not reflect the same confidence level as estimates of reserves and future development capital for all properties, due to the effects of aggregation. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. The extent and nature of all information supplied by the Company, which may have included ownership data, well information, geological information, reservoir studies, timing and future production, current product prices, operating cost data, capital budget forecasts and future operating plans, were relied upon by GLJ in preparing the Reserves Report and were accepted as represented without independent verification. All information provided to GLJ was current as at December 31, 2020, and accordingly, certain of such information might not be representative of current conditions.

Reserves Data (Forecast Prices and Costs)

The tables below are a summary of the Company's crude oil, natural gas and NGL reserves and the net present value of the future net revenue attributable to such reserves, as evaluated in the Reserves Report based on GLJ's December 31, 2020 forecast price and cost assumptions. The tables contained in the Reserves Report are a summary of the Reserves Data and as a result, may contain slightly different numbers, and columns may not add exactly. Assumptions and qualifications relating to costs and prices for future production and other matters are summarized in the notes to the following tables. All dollar amounts expressed in the tables below are expressed in United States dollars unless otherwise indicated**.**

"*Summary of Oil and Gas Reserves as of December 31, 2020*" discloses, in aggregate, the Company's gross and net proved reserves, proved plus probable reserves and proved plus probable plus possible reserves, estimated using forecast prices and costs, by product type. "**Forecast prices and costs**" means future prices and costs used by GLJ in the Reserves Report that are generally accepted as being a reasonable outlook of the future, fixed or currently determinable future prices or costs to which the Company is bound.

"*Summary of Net Present Values of Future Net Revenue Before Income Tax as of December 31, 2020*" discloses, in aggregate, the net present value of the Company's future net revenue attributed to the reserve categories in the table entitled "*Summary of Oil and Gas Reserves as of December 31, 2020*", estimated using forecast prices and costs, before deducting future income tax expenses, calculated without discount and using discount rates of 5 percent, 10 percent, 15 percent and 20 percent as well as on a $/boe and $/Mcf basis.

"*Summary of Net Present Values of Future Net Revenue After Income Tax as of December 31, 2020*" discloses, in aggregate, the net present value of the Company's future net revenue attributed to the reserve categories in the table entitled "*Summary of Oil and Gas Reserves as of December 31, 2020*", estimated using forecast prices and costs, after deducting future income tax expenses, calculated without discount and using discount rates of 5 percent, 10 percent, 15 percent and 20 percent.

"*Total Future Net Revenue (Undiscounted) as of December 31, 2020*" discloses, in aggregate, certain elements of the Company's future net revenue attributable to its proved reserves, its proved plus probable reserves and its proved plus probable plus possible reserves, estimated using forecast prices and costs, and calculated without discount.

"*Net Present Value of Future Net Revenue by Product Type as of December 31, 2020*" discloses, by product type and on a $/boe basis, the net present value of the Company's future net revenue attributable to its proved reserves, its proved plus probable reserves and its proved plus probable plus possible reserves, before deducting future income tax expenses, estimated using forecast prices and costs, and calculated using a 10 percent discount rate.

SUMMARY OF OIL AND GAS RESERVES AS OF DECEMBER 31, 2020
FORECAST PRICES AND COSTS

Reserves Category	Light and Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids		Total Oil Equivalent	
	Gross[1] (Mbbl)	Net[2] (Mbbl)	Gross[1] (Mbbl)	Net[2] (Mbbl)	Gross[1] (MMcf)	Net[2] (MMcf)	Gross[1] (Mbbl)	Net[2] (Mbbl)	Gross[1] (Mboe)	Net[2] (Mboe)
Proved										
Developed Producing	3,470	2,171	175	155	-	-	-	-	3,644	2,326
Developed Non-Producing	1,717	1,176	367	330	48,708	42,619	1,061	929	11,264	9,539
Undeveloped	3,703	2,657	-	-	81,313	71,149	2,074	1,815	19,329	16,330
Total Proved	**8,890**	**6,004**	**542**	**485**	**130,021**	**113,769**	**3,136**	**2,744**	**34,238**	**28,195**
Probable	6,562	4,818	469	422	125,022	109,394	2,842	2,487	30,709	25,958
Total Proved plus Probable	**15,452**	**10,822**	**1,010**	**907**	**255,043**	**223,163**	**5,977**	**5,230**	**64,947**	**54,153**
Possible	4,873	3,467	362	325	157,386	137,712	3,738	3,271	35,203	30,015
Total Proved plus Probable plus Possible	**20,325**	**14,289**	**1,372**	**1,232**	**412,429**	**360,875**	**9,715**	**8,501**	**100,150**	**84,168**

Notes:
(1) "**Gross Reserves**" are the Company's working interest share before deduction of royalties. See "*Certain Definitions*".
(2) "**Net Reserves**" are the Company's working interest share after the deduction of royalty obligations. See "*Certain Definitions*".

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE BEFORE INCOME TAX AS OF DECEMBER 31, 2020
FORECAST PRICES AND COSTS

Reserves Category	Net Present Values of Future Net Revenue Before Income Taxes Discounted at (% per year) ($000's)					Unit Value Before Income Tax Discounted at 10% per year[1]	
	0%	5%	10%	15%	20%	$/boe	$/Mcf
Proved							
Developed Producing	61,934	45,680	37,399	32,106	28,344	16.08	2.68
Developed Non-Producing	207,971	162,378	133,400	112,822	97,384	13.99	2.33
Undeveloped	351,317	255,396	192,092	148,557	117,550	11.76	1.96
Total Proved	**621,222**	**463,454**	**362,891**	**293,485**	**243,278**	**12.87**	**2.15**
Probable	646,336	439,959	320,192	243,712	191,811	12.33	2.06
Total Proved plus Probable	**1,267,557**	**903,413**	**683,084**	**537,197**	**435,089**	**12.61**	**2.10**
Possible	737,859	463,396	319,751	234,400	179,349	10.65	1.78
Total Proved plus Probable plus Possible	**2,005,416**	**1,366,809**	**1,002,835**	**771,597**	**614,438**	**11.91**	**1.99**

Note:
(1) Unit values are based on Company Net Reserves.

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE AFTER INCOME TAX[1]
AS OF DECEMBER 31, 2020
FORECAST PRICES AND COSTS

	Net Present Values of Future Net Revenue After Income Taxes Discounted at (% per year) ($000's)				
Reserves Category	**0%**	**5%**	**10%**	**15%**	**20%**
Proved					
Developed Producing	35,991	29,848	26,081	23,358	21,259
Developed Non-Producing	90,946	74,294	62,920	54,527	48,055
Undeveloped	140,503	100,506	74,021	55,827	42,929
Total Proved	**267,440**	**204,648**	**163,022**	**133,712**	**112,242**
Probable	254,214	173,852	126,150	95,476	74,642
Total Proved plus Probable	**521,655**	**378,501**	**289,172**	**229,188**	**186,884**
Possible	294,079	187,684	130,262	95,795	73,487
Total Proved plus Probable plus Possible	**815,734**	**566,185**	**419,434**	**324,983**	**260,371**

Note:
(1) After tax net present values prepared by GLJ in the evaluation of the Company's oil and natural gas properties are calculated by considering appropriate income tax calculations, current Trinidad tax regulations, and by including the Company's estimated December 31, 2020 tax pools and non-capital losses.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) AS OF DECEMBER 31, 2020 ($000's)
FORECAST PRICES AND COSTS

	Proved Reserves	**Proved plus Probable Reserves**	**Proved plus Probable plus Possible Reserves**
Revenue	1,059,801	1,993,091	3,002,017
Royalties	244,705	427,602	618,322
Operating costs	133,391	208,291	287,952
Development costs	55,920	83,927	83,927
Abandonment and reclamation costs[1]	4,562	5,714	6,400
Future net revenue before income taxes	**621,222**	**1,267,557**	**2,005,416**
Future income taxes[2]	353,781	745,903	1,189,682
Future net revenue after income taxes	**267,440**	**521,655**	**815,734**

Notes:
(1) See "*Significant Factors or Uncertainties Affecting Reserves Data – Abandonment and Reclamation Costs*".
(2) Values are calculated by utilizing the Company's estimated December 31, 2020 tax pools and non-capital losses and considering current and expected future Trinidad tax regulations. Values do not represent an estimate of the value at the business entity level, which may be significantly different. For information at the business entity level, see the Company's Consolidated Financial Statements and Management's Discussion and Analysis as at and for the year ended December 31, 2020.

NET PRESENT VALUE OF FUTURE NET REVENUE BY PRODUCT TYPE AS OF DECEMBER 31, 2020 FORECAST PRICES AND COSTS			
	Future Net Revenue Before Income Taxes Discounted at 10% per year(1)		
Reserves Category	**$000's**	**$/boe**	**$/Mcfe**
Light and medium oil(2)	119,463	19.90	3.32
Heavy oil(2)	11,790	24.29	4.05
Conventional natural gas(3)	231,638	10.67	1.78
Total Proved	**362,891**	**12.87**	**2.15**
Light and medium oil(2)	229,891	21.24	3.54
Heavy oil(2)	22,781	25.11	4.19
Conventional natural gas(3)	430,411	10.15	1.69
Total Proved plus Probable	**683,084**	**12.61**	**2.10**
Light and medium oil(2)	305,332	21.37	3.56
Heavy oil(2)	29,936	24.30	4.05
Conventional natural gas(3)	667,566	9.72	1.62
Total Proved plus Probable plus Possible	**1,002,835**	**11.91**	**1.99**

Notes:
(1) Other company revenue and costs not related to a specific production group have been allocated proportionately to production groups. Unit values are based on Company Net Reserves.
(2) Including solution gas and other by-products.
(3) Including by-products but excluding solution gas.

Pricing Assumptions

The following table sets forth the benchmark reference prices reflected in the Reserves Data as at December 31, 2020. These price assumptions were provided to the Company by GLJ and were GLJ's then current forecast as the date of the Reserves Report.

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS AS OF DECEMBER 31, 2020(1) FORECAST PRICES AND COSTS				
Forecast Year	**Brent Spot Crude Oil ($/bbl)**	**NYMEX Henry Hub Natural Gas ($/MMBtu)**	**Conway Condensate ($/bbl)**	**Inflation Rates(2) (% per year)**
2021	50.75	2.75	43.20	0.0
2022	55.00	2.80	46.35	1.0
2023	58.50	2.85	49.05	2.0
2024	61.79	2.90	52.01	2.0
2025	62.95	2.95	53.06	2.0
2026	64.13	3.01	54.12	2.0
2027	65.33	3.07	55.20	2.0
2028	66.56	3.13	56.30	2.0
2029	67.81	3.19	57.43	2.0
2030	69.17	3.25	58.58	2.0
Thereafter	+2.0% / year	+2.0% / year	+2.0% / year	2.0

Notes:
(1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer. Product sales prices will reflect these reference prices with further adjustments for marketing arrangements, quality differentials and transportation to point of sale.
(2) Inflation rates for forecasting prices and costs.

During the year ended December 31, 2020, the Company realized an average price of $38.34 per barrel for crude oil, which represented an 8.6 percent discount in comparison to average Dated Brent reference prices and a 2.7 percent discount relative to average West Texas Intermediate reference prices over the corresponding annual period.

In December 2020, the Company executed a fixed price natural gas sales agreement with NGC for all future natural gas production from the Ortoire block. Accordingly, the Company provided GLJ with estimated near-term fixed gas pricing and historical Trinidad natural gas spot rates which were both used in conjunction with the forecasted Henry Hub reference price assumptions noted in the table above to arrive at expected forward natural gas sales pricing used in the Reserves Report for the Coho and Cascadura areas.

Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of the Company's total gross proved, gross probable and total gross proved plus probable reserves as of December 31, 2020 by product type against such reserves as at December 31, 2019 based on forecast prices and cost assumptions. All of the Company's evaluated reserves are located in Trinidad.

RECONCILIATION OF COMPANY GROSS RESERVES BY PRODUCT TYPE

Reserves Category and Factors	Light and Medium Crude Oil (Mbbl)	Heavy Crude Oil (Mbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)	Total Oil Equivalent (Mboe)
Total Proved					
December 31, 2019	9,590	1,103	6,888	-	11,840
Exploration discoveries(1)	-	-	122,916	3,136	23,622
Technical revisions	(196)	(516)	218	-	(675)
Economic factors	(33)	(12)	-	-	(45)
Production	(471)	(33)	-	-	(504)
December 31, 2020	**8,890**	**542**	**130,021**	**3,136**	**34,238**
Total Probable					
December 31, 2019	7,317	698	13,203	-	10,215
Exploration discoveries(1)	-	-	111,402	2,842	21,409
Technical revisions	(738)	(227)	417	-	(896)
Economic factors	(17)	(3)	-	-	(19)
Production	-	-	-	-	-
December 31, 2020	**6,562**	**469**	**125,022**	**2,842**	**30,709**
Total Proved plus Probable					
December 31, 2019	16,906	1,801	20,091	-	22,056
Exploration discoveries(1)	-	-	234,318	5,977	45,030
Technical revisions	(934)	(743)	634	-	(1,571)
Economic factors	(50)	(15)	-	-	(65)
Production	(471)	(33)	-	-	(504)
December 31, 2020	**15,452**	**1,010**	**255,043**	**5,977**	**64,947**

Note:
(1) Discoveries are associated with the evaluations of the Cascadura area discovery on the Ortoire block.

In comparison to December 31, 2019 on a proved plus probable reserve basis, light and medium crude oil reserves decreased 984 Mbbl from technical revisions and economic factors in 2020. Approximately 597 Mbbl of this change reflected decreased well performance from the Company's Coora, WD-4 and WD-8 blocks. In addition, the removal of future development locations on the Company's Barrackpore and San Francique properties decreased proved plus probable reserves by approximately 387 Mbbl.

Heavy crude oil was attributed aggregate downward technical revisions and economic factors of 758 Mbbl as of December 31, 2020, primarily reflecting a decrease in future development locations on Touchstone's Fyzabad and New Dome properties based on decreased future planned expenditures.

Upward technical revisions of approximately 106 Mboe were reflective of reduced surface loss estimates related to the Coho natural gas discovery in 2019. The Company's successful Cascadura-1ST1 well drilled and tested on the Ortoire block led to a 45,030 Mboe increase in conventional natural gas and natural gas liquids proved plus probable reserves in 2020.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by GLJ in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101.

There are a number of factors that could result in delayed or cancelled development of undeveloped reserves, including but not limited to the following: (i) changing economic conditions (due to commodity pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to weather conditions and regulatory approvals). For more information, see "*Risk Factors*".

Proved and Probable Undeveloped Reserves

The following tables disclose the gross proved undeveloped reserves and the probable undeveloped reserves, each by product type, attributable to the Company's properties for the years ended December 31, 2018, 2019 and 2020 based on forecast prices and costs. All of the Company's proved and probable undeveloped reserves are located in Trinidad. All proved and probable undeveloped reserves are attributable to acreage that offsets existing production and are determined as per NI 51-101 guidelines.

Proved Undeveloped Reserves

SUMMARY OF PROVED UNDEVELOPED RESERVES

Year	Light and Medium Crude Oil (Mbbl)		Heavy Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)	
	First Attributed(1)	Cumulative at Year-end	First Attributed(1)	Cumulative at Year-end	First Attributed(1)	Cumulative at Year-end
2018	468	3,785	-	558	-	-
2019	-	3,787	-	446	-	-
2020	-	3,703	-	-	81,313	81,313

Year	Natural Gas Liquids (Mbbl)		Total Oil Equivalent (Mboe)	
	First Attributed(1)	Cumulative at Year-end	First Attributed(1)	Cumulative at Year-end
2018	-	-	468	4,343
2019	-	-	-	4,233
2020	2,074	2,074	15,627	19,329

Note:
(1) Refers to reserves first attributed in the fiscal year ending on the effective date.

The Reserves Report disclosed Company gross proved undeveloped reserves of 19,329 Mboe before royalties. These are reserves which can be estimated with a high degree of certainty to be recoverable, provided a significant expenditure is made to render them capable of production. The undeveloped reserves in the Reserves Report estimated future capital spending of approximately $46.3 million to fully develop the undeveloped reserves, and it is expected that these undeveloped reserves would be reclassified as proved developed reserves. Development of the undeveloped reserves is expected to occur over the next five years with over 62 percent of the investment expected over the next three years. Timing of the investment and the desired pace of development will depend to a large extent on economic conditions, in particular, the world price of crude oil. The Company has significant development opportunities in several properties, and the pace of development is controlled to meet future capital expenditure and liquidity targets. See "*Other Oil and Gas Information - Oil and Gas Properties and Wells*".

Probable Undeveloped Reserves

SUMMARY OF PROBABLE UNDEVELOPED RESERVES

Year	Light and Medium Crude Oil (Mbbl)		Heavy Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)	
	First Attributed(1)	Cumulative at Year-end	First Attributed(1)	Cumulative at Year-end	First Attributed(1)	Cumulative at Year-end
2018	410	4,419	35	255	-	-
2019	-	4,424	-	199	9,376	9,376
2020	-	4,108	-	-	90,520	100,192

Year	Natural Gas Liquids (Mbbl)		Total Oil Equivalent (Mboe)	
	First Attributed(1)	Cumulative at Year-end	First Attributed(1)	Cumulative at Year-end
2018	-	-	445	4,674
2019	-	-	1,563	6,185
2020	2,309	2,309	17,396	23,116

Note:
(1) Refers to reserves first attributed in the fiscal year ending on the effective date.

The Reserves Report disclosed Company gross probable undeveloped reserves of 23,116 Mboe before royalties. Probable reserves are less certain to be recovered than proved reserves. Development of the undeveloped reserves is expected to occur over the next five years with over 47 percent of the investment expected over the next three years. Timing of the investment and the desired pace of development will depend to a large extent on economic conditions, in particular, the world price of crude oil and the Trinidad domestic price of natural gas. The Company has significant development opportunities in several properties, and the pace of development is controlled to meet future capital expenditure and liquidity targets. See "*Other Oil and Gas Information - Oil and Gas Properties and Wells*".

Significant Factors or Uncertainties Affecting Reserves Data

General

Estimates of economically recoverable oil, natural gas and NGL reserves and the associated future net cash flows are based upon a number of variable factors and assumptions. The main area of uncertainty is commodity prices, as the Company sells all crude oil production to Heritage at contractually specified pricing formulas indexed to benchmark crude oil pricing and entered into a fixed price natural gas sales agreement with NGC for future natural gas production volumes. The evaluated oil and gas properties of the Company have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and gas producing entity.

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

The process of estimating reserves is inherently complex, requiring significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions, and other factors and assumptions that may affect the reserve estimates and the present value of the future net revenue therefrom. These factors and assumptions include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative. The Company's reserves produced in this document are estimates only. There is no assurance or guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein.

At the date of this AIF, the Company does not anticipate any unusually high development costs or operating costs, the need to build a major facility before production of reserves can begin, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations. The Company does not expect any significant economic factors or significant uncertainties will affect any particular components of the Reserves Data. However, reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance, and subsequent drilling results that are beyond the Company's control. See "*Risk Factors*".

Abandonment and Reclamation Costs

The following table sets forth the abandonment and reclamation costs deducted in the estimation of the Company's future net revenue using forecast prices and costs as included in the Reserves Report.

ABANDONMENT AND RECLAMATION COSTS ($000's)			
Year	**Proved Reserves**	**Proved plus Probable Reserves**	**Proved plus Probable plus Possible Reserves**
2021	54	54	54
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
Thereafter	4,508	5,660	6,346
Total undiscounted	**4,562**	**5,714**	**6,400**
Total discounted at 10% per year	**715**	**638**	**500**

As at December 31, 2020, the Company had 832.8 net wells in Trinidad and four crude oil sales facilities for which it expected to incur reclamation and abandonment costs for total estimated undiscounted costs of $15.9 million. The Reserves Report deducted $4.6 million (undiscounted), $5.7 million (undiscounted) and $6.4 million (undiscounted) for abandonment and reclamation costs of wells with proved, proved plus probable and proved plus probable plus possible reserves in estimating future net revenues in the Reserves Data, respectively.

The future net revenues disclosed in this AIF based on the Reserves Report do not contain an allowance for abandonment and reclamation costs for certain facilities and wells without reserves. Management estimated an additional $9.5 million (undiscounted) for abandonment and reclamation costs for facilities and wells without reserves as at December 31, 2020. These obligations are expected to be settled over the useful lives of the underlying assets, which currently extend up to 19 years. The Company expects to remit approximately $1.3 million in 2021 to Heritage based on historical well abandonment fund contributions that have yet to be transferred to a joint abandonment fund. For further information, refer to "*Description of the Business and Operations - Decommissioning Liabilities and Abandonment Fund*".

Future Development Costs

The following table provides information regarding the development costs deducted in the estimation of the Company's future net revenue using forecast prices and costs as included in the Reserves Report.

FUTURE DEVELOPMENT COSTS ($000's)			
Year	**Proved Reserves**	**Proved plus Probable Reserves**	**Proved plus Probable plus Possible Reserves**
2021	9,530	11,360	11,360
2022	16,236	23,397	23,397
2023	12,584	16,787	16,787
2024	8,906	17,759	17,759
2025	8,666	14,625	14,625
Thereafter	-	-	-
Total undiscounted	**55,920**	**83,927**	**83,927**
Total discounted at 10% per year	**45,098**	**66,584**	**66,584**

The following table sets forth the changes in undiscounted future development costs included in the Reserves Report against such costs in the December 31, 2019 reserves report.

CHANGE IN 2020 UNDISCOUNTED FUTURE DEVELOPMENT COSTS FROM 2019 ($000's)			
	Proved Reserves	**Proved plus Probable Reserves**	**Proved plus Probable plus Possible Reserves**
Increase in forecasted capital costs	1,645	1,976	1,976
Decrease in development locations	(6,905)	(10,158)	(10,158)
Cascadura discovery	15,805	20,428	20,428
Total change	**10,545**	**12,246**	**12,246**
Total change (%)	**23**	**17**	**17**

The Company expects that funds required for future development costs will be derived from a combination of internally generated cash from operations, working capital, and the issuance of new debt or equity where and when it believes appropriate to fund future development costs set out in the Reserves Report. There can be no guarantee that funds will be available or that the Board of Directors of the Company will allocate funding to develop all of the reserves attributable in the Reserves Report. Failure to develop those reserves could have a negative impact on the Company's future cash flow. Further, the Company may choose to delay development depending upon a number of circumstances including the existence of higher priority expenditures and available cash flow.

Interest expenses and other costs of external funding are not included in the reserves and future development costs set forth above and would reduce future net revenue to some degree depending upon the funding sources utilized. The Company does not anticipate that interest expense or other funding costs would make further development of any of the Company's properties uneconomic.

Other Oil and Gas Information

Unless otherwise stated, the following information is presented as of December 31, 2020. The Company does not believe that there have been any material changes to such information since such date.

Oil and Gas Properties and Wells

The Company's principal properties in production or under development are located onshore Trinidad. The Company operates under LOAs and FOAs with Heritage, state exploration and production licences with the MEEI, and private exploration and production agreements with individual landholders as per below.

SUMMARY OF PRODUCING PROPERTIES AND LEASES

Property	Working Interest (%)	Licence Type	Expiry
Coora 1	100	Lease Operatorship Agreement	December 31, 2030(1)
Coora 2	100	Lease Operatorship Agreement	December 31, 2030(1)
WD-4	100	Lease Operatorship Agreement	December 31, 2030(1)
WD-8	100	Lease Operatorship Agreement	December 31, 2030(1)
New Dome	100	Farmout Agreement	December 31, 2021(2)
South Palo Seco	100	Farmout Agreement	December 31, 2021(2)
Barrackpore	100	Private	Various
Fyzabad	100	Crown	August 19, 2032
Fyzabad	100	Private	Various
Palo Seco	100	Crown	TBD(3)
San Francique	100	Private	Various

Notes:

(1) Heritage and Touchstone Trinidad have negotiated new ten-year LOAs for each block. The new agreements contain a further five-year renewal option, subject to the parties agreeing to future minimum work commitments.

(2) Excluding an option for a five-year renewal, upon which future work commitments must be agreed between the Company and Heritage.

(3) The Palo Seco exploration and production licence with the MEEI expired on August 19, 2013. The Company is currently negotiating a licence renewal and has permission from the MEEI to operate in the interim period. The forthcoming renewal is expected to expire on August 19, 2032.

The following table sets forth the number and status of wells in which the Company held a working interest as at December 31, 2020, all of which are located in Trinidad.

COMPANY WELL SUMMARY(1)

Property	Producing(2)		Non-Producing		Total	
	Gross(3) Wells	Net(4) Wells	Gross(3) Wells	Net(4) Wells	Gross(3) Wells	Net(4) Wells
Coora 1	71	71	185	80	256	151
Coora 2	45	45	76	31	121	76
WD-4	38	38	41	21	79	59
WD-8	70	70	65	51	135	121
New Dome	4	4	12	4	16	8
South Palo Seco	3	3	3	2	6	5
Barrackpore	8	8	4	4	12	12
Fyzabad	56	56	160	160	216	216
Palo Seco	13	13	59	59	72	72
San Francique	39	39	70	70	109	109
Ortoire	-	-	4	3.2	4	3.2
Cory Moruga	-	-	5	0.6	5	0.6
Total	**347**	**347**	**684**	**485.8**	**1,031**	**832.8**

Notes:

(1) All of the Company's wells are crude oil wells, with the exception of the wells on the Company's Ortoire property which are natural gas wells. Information above includes wells located on properties with no attributable reserves.

(2) Wells that produced during the 2020 fiscal year.

(3) "**Gross**" means the total number of wells in which the Company has an interest.

(4) "**Net**" means the number of wells obtained by aggregating the Company's interest in each of its gross wells.

In addition to the wells noted above, the Company operates eight sales batteries in Trinidad. Each sales battery is directly tied into Heritage sales pipelines.

Properties with No Attributed Reserves

The following table sets forth information respecting the Company's unproved properties as at December 31, 2020.

PROPERTIES WITH NO ATTRIBUTABLE RESERVES[1]				
Property	**Unproved Properties**		**2021 Expiring**	
	Gross[2] Acres	**Net[3] Acres**	**Gross[2] Acres**	**Net[3] Acres**
Trinidad				
Bovallius	827	827	-	-
Cory Moruga	7,443	1,206	-	-
Moruga	1,416	1,416	-	-
New Grant	193	193	-	-
Rousillac	235	235	-	-
Siparia	111	56	-	-
St. John	167	167	-	-
	10,392	**4,100**	**-**	**-**
Canada				
Luseland	3,898	3,898	-	-
	3,898	**3,898**	**-**	**-**
Total	**14,290**	**7,998**	**-**	**-**

Notes:
(1) Unproved properties have no attributable reserves as of December 31, 2020.
(2) "**Gross**" means the total number of acres in which the Company has an interest.
(3) "**Net**" means the number of acres obtained by aggregating the Company's interest in each of its gross acres.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

The presence of economic quantities of hydrocarbons on lands with no attributed reserves is uncertain until the lands are drilled and tested. Beyond the need to drill and test exploration areas, additional factors may influence the Company's ability to develop these lands, including escalation of capital costs and operating costs, the potential requirement to expand existing infrastructure and a material change in commodity prices. Development of the Company's properties with no attributed reserves are subject to current industry conditions and uncertainties as indicated under "*Risk Factors*" herein.

Forward Contracts

The nature of petroleum operations exposes the Company to risks associated with commodity prices. Periodically, the Company may manage this risk through the use of derivative instruments. The Company's risk management strategy focuses on the use of puts, costless collars, swaps or fixed price contracts to limit exposure to fluctuations in commodity prices while allowing for participation in commodity price increases.

The Company had no commodity risk management contracts in place as at or during the year ended December 31, 2020. See Note 19 "*Financial Instruments and Market Risk Management*" to the consolidated financial statements of the Company for the year ended December 31, 2020, which can be found on the Company's SEDAR profile (www.sedar.com).

To further manage commodity price risk, the Company may reduce its fixed operating and administration cost structure, reduce capital expenditures, issue new equity or seek additional sources of debt should forward commodity pricing materially decrease. The Company will continue to monitor forward commodity prices and may enter future commodity-based risk management contracts to reduce the volatility of petroleum sales and protect future development and exploration capital programs.

Tax Horizon

The Reserves Report forecasts cash taxes in Trinidad to be incurred in 2021, and the Company incurred cash taxes in prior years.

Costs Incurred

The following table summarizes certain capital expenditures incurred by the Company during the year ended December 31, 2020.

PROPERTY ACQUISITION COSTS AND CAPITAL EXPENDITURES	
	Amount ($000's)
Development costs	620
Exploration costs	17,861
Oilfield service equipment	89
Total	**18,570**

Approximately $1.5 million of the exploration costs noted above were incurred for the production testing of the Company's Cascadura-1ST1 well on its Ortoire property. The prospect was assigned conventional natural gas and natural gas liquids reserves in the Reserves Report.

Exploration and Development Activities

The Company drilled 2.0 gross and 1.6 net exploration wells in Trinidad and did not drill any development wells during the year ended December 31, 2020. The Reserves Report did not include any reserves associated with the wells drilled in 2020, as production testing operations commenced subsequent to the December 31, 2020 effective date of the Reserves Report.

In addition to continuing to develop its producing properties, the Company intends to drill at least one exploration well on its Ortoire exploration property in 2021.

Production Estimates

The following table summarizes the average volumes of gross production estimated in the Reserves Report for the year ended December 31, 2021 by reserves category and properties that account for more than 20 percent of the Company's total gross and net production.

SUMMARY OF FIRST YEAR PRODUCTION ESTIMATES					
Property and Reserve Category	**Light and Medium Crude Oil (bbls/d)**	**Heavy Crude Oil (bbls/d)**	**Conventional Natural Gas (Mcf/d)**	**Natural Gas Liquids (bbls/d)**	**Total Oil Equivalent (boe/d)**
Cascadura area	-	-	5,928	151	1,139
Coho area	-	-	4,135	-	689
Other properties	1,594	143	-	-	1,737
Total Proved	**1,594**	**143**	**10,063**	**151**	**3,566**
Cascadura area	-	-	988	25	190
Coho area	-	-	1,772	-	295
Other properties	245	27	-	-	272
Total Probable	**245**	**27**	**2,760**	**25**	**757**
Cascadura area	-	-	6,916	176	1,329
Coho area	-	-	5,907	-	984
Other properties	1,839	170	-	-	2,009
Total Proved plus Probable	**1,839**	**170**	**12,823**	**176**	**4,322**

Production History

The following table sets forth certain information in respect of the Company's average gross daily crude oil sales volumes, crude oil prices received, royalties, production costs and the operating netback received by the Company for each quarter of the fiscal year ended December 31, 2020. The Company's NGL production during the year ended December 31, 2020 comprised of immaterial production testing sales volumes.

PRODUCTION HISTORY - YEAR ENDED DECEMBER 31, 2020					
	Average	Average $/bbl			
Quarter Ended	**Gross Daily Sales Volumes(1)**	**Realized Price**	**Royalties**	**Operating Costs**	**Operating Netback(2)(3)**
March 31, 2020	1,589	46.10	13.90	13.59	18.61
June 30, 2020	1,396	29.34	6.99	11.62	10.73
September 30, 2020	1,310	39.20	11.17	13.94	14.09
December 31, 2020	1,274	37.66	10.48	13.28	13.90
Year ended December 31, 2020	**1,392**	**38.34**	**10.74**	**13.11**	**14.49**

Notes:
(1) Sales volumes may not agree to the Reserves Report which uses Company production volumes.
(2) Operating netbacks are calculated by deducting royalties and operating expenses from petroleum sales and are reported before any realized commodity price derivative gain or loss. See "*Non-GAAP Terms*". Refer to the Company's Management's Discussion and Analysis for the year ended December 31, 2020 for reconciliations of Company operating netbacks to GAAP terms.
(3) Operating netback information disclosed herein blends light and medium crude oil and heavy crude oil (rather than separating them by product type), as heavy crude oil receives the same realized sales prices and specific operating netback information is immaterial.

The following table summarizes the Company's gross sales volumes during the year ended December 31, 2020 for each product type by field.

GROSS PRODUCTION (SALES) HISTORY BY FIELD - YEAR ENDED DECEMBER 31, 2020(1)				
Property	**Light and Medium Crude Oil (bbls)**	**Heavy Crude Oil (bbls)**	**Natural Gas Liquids (bbls)**	**Total Oil Equivalent (bbls)**
Coora	156,309	-	-	156,309
WD-4	195,908	-	-	195,908
WD-8	93,929	-	-	93,929
New Dome	-	7,691	-	7,691
South Palo Seco	-	405	-	405
Barrackpore	5,000	-	-	5,000
Fyzabad	-	26,965	-	26,965
Palo Seco	-	3,207	-	3,207
San Francique	20,012	-	-	20,012
Coho	-	-	1,621	1,621
Total	**417,158**	**38,268**	**1,621**	**511,047**

Note:
(1) Sales volumes may not agree to the Reserves Report which uses Company production volumes.

DIVIDEND POLICY

Touchstone has never declared or paid any dividends on its outstanding Common Shares. The Company may declare dividends in the future if the Company has sufficient capital to finance further expansion of business and operations. Any decision to pay dividends on any class of shares will be made by the Board on the basis of net earnings, financial requirements, the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and other conditions existing at such future time.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Touchstone is authorized to issue an unlimited number of Common Shares without nominal or par value of which 209,399,627 Common Shares are issued and outstanding as fully paid and non-assessable as at the date of this AIF. Holders of Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per Common Share at meetings of Shareholders and, upon liquidation, to receive such assets of the Company as are distributable to holders of Common Shares. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

The Company has a share option plan pursuant to which options to purchase Common Shares may be granted by the Board of Directors to directors, officers, employees and consultants of the Company. The maximum number of Common Shares issuable on the exercise of outstanding share options at any time is limited to 10 percent of the issued and outstanding Common Shares. The following table summarizes the outstanding Common Shares and share options as at the date of this AIF, December 31, 2020 and 2019.

	March 25, 2021	December 31, 2020	December 31, 2019
Common Shares outstanding	**209,399,627**	**209,399,627**	160,703,095
Share options outstanding	**9,552,434**	**9,552,434**	8,740,600
Fully diluted Common Shares	**218,952,061**	**218,952,061**	169,443,695

The Company formerly had an incentive share options plan that was formally terminated effective February 16, 2021 in accordance with its terms.

Shareholder Rights Plan

Effective January 1, 2013, Touchstone adopted a shareholder rights plan ("**SRP**"), which was approved by the Shareholders on December 17, 2012 and confirmed by the Shareholders on June 13, 2018. The SRP, under which Computershare Trust Company of Canada acts as rights agent, generally provides that, following the acquisition by any person or entity of 20 percent or more of the issued and outstanding Common Shares (except pursuant to certain permitted or excepted transactions) and upon the occurrence of certain other events, each holder of Common Shares, other than such acquiring person or entity, shall be entitled to acquire additional Common Shares at a discounted price. The SRP is similar to other shareholder rights plans adopted in the energy sector. A copy of the SRP is available on the Company's SEDAR profile (www.sedar.com).

Term Loan

Touchstone Trinidad entered into a $20 million, seven-year term credit facility arrangement effective June 15, 2020 with Republic Bank Limited, a chartered bank owned by Republic Financial Holdings Limited. Republic Financial Holdings Limited is headquartered in Trinidad and the registered owner of 12 banks in the Caribbean region, as well as other financial services subsidiaries. On closing of the Loan Agreement, Touchstone Trinidad withdrew $15 million to satisfy the Company's obligations relating to prepaying the Company's C$20 million Canadian based term loan. The Loan Agreement is a senior secured syndicated loan, with Republic Bank Limited acting as initial lender, arranger and administrative agent.

The Loan Agreement bears a fixed interest rate of 7.85 percent per annum, compounded and payable quarterly. Principal payments commence on June 15, 2022 with twenty equal and consecutive quarterly principal repayments thereafter. Prepayments are permitted after one year with a 1.0 percent penalty and a 30-day notice period, and no penalty shall apply on principal repayments after three years. The Loan Agreement is principally secured by a pledge of equity interests and fixed and floating security interests over all present and after acquired assets of Touchstone Trinidad and its wholly owned Trinidadian subsidiary, POGL. The Loan Agreement contains industry standard representations and warranties, undertakings, events of default, and financial covenants, which will be tested on an annual basis commencing with the year ended December 31, 2022. At all times the consolidated Company must maintain a cash reserves balance of not less than the equivalent of two quarterly interest payments.

On November 27, 2020, Touchstone Trinidad and its lender executed an amending agreement to the Loan Agreement, allowing Touchstone Trinidad to repay $7.5 million of the $15 million term loan balance on December 15, 2020 for a reduced prepayment fee. Pursuant to the Loan Agreement amendment, Touchstone Trinidad Company has the option to withdraw the remaining $12.5 million available balance prior to June 15, 2021.

Guarantees

Pursuant to the Loan Agreement, the Company must at all times maintain a minimum cash reserves balance of the equivalent of two subsequent quarterly interest payments, amounting to $0.3 million as of December 31, 2020. The Company previously had $0.3 million in cash collateralized guarantees to Heritage to support its operating agreement work commitments that expired on December 31, 2020. The parties have completed negotiations regarding new operating agreements, and the Company will be required to provide aggregate guarantees of approximately $0.5 million to support the minimum work obligations subsequent to execution.

In January 2018, the Company provided the MEEI with a $7.7 million parental company guarantee to support exploration work commitments on its Ortoire block. The parental company guarantee may be reduced from time to time to reflect any work performed on the field.

MARKET FOR SECURITIES

Trading Price and Volume

The outstanding Common Shares are listed and posted for trading on the TSX and on AIM under the symbol "**TXP**". The following table sets forth the reported price range and aggregate trading volumes of the Common Shares traded or quoted on the TSX and AIM (as reported by each exchange) for the periods and in the currencies indicated.

Period	TSX			AIM		
	Price Range (C$ per Common Share)		Volume	Price Range (£ per Common Share)		Volume
	High	Low		High	Low	
2021						
January	2.96	2.30	7,345,723	1.73	1.40	15,468,490
February	3.06	2.55	3,840,977	1.78	1.50	7,713,202
March (1 to 24)	2.78	2.37	4,231,776	1.58	1.41	7,832,191
2020						
January	0.51	0.34	11,412,428	0.28	0.20	23,128,355
February	0.97	0.47	21,094,397	0.49	0.28	57,215,965
March	0.74	0.40	15,577,524	0.38	0.23	35,378,795
April	0.61	0.41	6,209,230	0.34	0.25	17,503,239
May	0.84	0.49	9,631,815	0.45	0.28	17,939,210
June	0.98	0.78	8,839,001	0.55	0.46	18,455,394
July	1.29	0.87	7,945,432	0.74	0.51	17,890,319
August	1.40	1.19	4,744,577	0.77	0.70	11,502,571
September	1.39	1.11	4,378,214	0.76	0.69	9,726,194
October	2.00	1.30	7,438,914	1.10	0.76	13,235,154
November	2.20	1.63	4,839,044	1.19	0.98	13,738,025
December	2.30	1.92	5,127,217	1.30	1.10	10,245,783

Prior Sales

The following table sets forth the securities of the Company outstanding but not listed or quoted on a marketplace which were issued during the year ended December 31, 2020.

Grant Date	Securities	Number of Securities	Exercise Price per Security (C$)
April 6, 2020	Share options	2,611,000	0.48
December 7, 2020	Share options	114,000	2.11
December 22, 2020	Share options	167,000	2.07

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS OR TRANSFER

As of the date hereof, none of the Company's securities are subject to escrow or subject to contractual restrictions on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The names, provinces and countries of residence, positions held with the Company, the period served with the Company, and principal occupation of the directors and officers during the preceding five years are set forth below.

Name and Place of Residence	Office Held	Position Since	Principal Occupation (during the preceding 5 years)
Paul Baay Alberta, Canada	President, Chief Executive Officer and Director	May 13, 2014	Former Chairman of the Board and Chief Executive Officer of Touchstone Energy Inc. from July 2010 to May 2014.
Scott Budau Alberta, Canada	Chief Financial Officer	May 13, 2014	Former Chief Financial Officer of Touchstone Energy Inc. from October 2012 to May 2014.
Kenneth McKinnon(2)(3) Alberta, Canada	Director	October 24, 2012	Independent consultant since July 2020. Former Partner at Citrus Capital Partners Ltd. (advisory and consulting firm) from January 2014 to June 2020.
Peter Nicol(2)(4) London, UK	Director	June 26, 2017	Founder and Chief Executive Officer of Locin Energy (energy consulting firm) since March 2012.
James Shipka Alberta, Canada	Chief Operating Officer	August 11, 2014	Former Vice President, Geoscience and Business Development of Touchstone Energy Inc. from May 2011 to August 2014.
Beverley Smith(3)(4)(5) Ascot, UK	Director	December 22, 2020	Independent consultant since January 2017. Director of Hurricane Energy plc since December 2019 and former Interim Chief Executive Officer from June to September 2020. Former VP Exploration and Growth for Europe at BG Group until December 2016.
Stanley T. Smith(2)(3) Alberta, Canada	Director	October 4, 2017	Independent consultant since September 2016. Former Senior Audit Partner at KPMG LLP.

Name and Place of Residence	Office Held	Position Since	Principal Occupation (during the preceding 5 years)
Thomas Valentine(5) Alberta, Canada	Director and Corporate Secretary	May 20, 2015	Senior Partner of Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group.
Dr. Harrie Vredenburg(3)(4)(5) Alberta, Canada	Director	October 24, 2012	Professor of Strategy and Suncor Energy Chair in Strategy and Sustainability at the Haskayne School of Business at the University of Calgary.
John D. Wright(1)(4) Alberta, Canada	Director	October 24, 2012	President, Analogy Capital Advisors Inc. since March 2017. From January 2017 to June 2017, Director, President and Chief Executive Officer of Ridgeback Resources Inc. (energy company). Director, President and Chief Executive Officer of Lightstream Resources Ltd. (energy company) from May 2011 to December 2016.

Notes:
(1) Chairman of the Board.
(2) Member of the Audit Committee.
(3) Member of the Compensation and Governance Committee.
(4) Member of the Reserves Committee.
(5) Member of the Health, Safety, Social and Environment Committee.

Each director will hold office until the next annual general meeting of Shareholders or until their successor is elected or appointed. As of the date of this AIF, the directors and the executive officers of Touchstone, as a group, beneficially own, control or direct, directly or indirectly, an aggregate of 8,349,700 Common Shares or approximately 4.0 percent of the issued and outstanding Common Shares. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly not being within the knowledge of the Company, has been furnished by the respective individuals.

Appointment of Director

On December 22, 2020, Touchstone appointed Ms. Beverley Smith to its Board of Directors. Ms. Smith is a chartered geologist and an accomplished business leader with over thirty years of experience in the oil and gas sector, having delivered a portfolio of achievements in a successful international career with BG Group, as Vice President Exploration and Growth for Europe and most recently as Interim Chief Executive Officer of Hurricane Energy plc. Ms. Smith has a background in development and production geology and subsurface management, notably in Trinidad (Hibiscus, Poinsettia and Ixora fields), Tunisia and various operated and non-operated developments in the United Kingdom. Ms. Smith brings further corporate governance expertise to the Board with a proven track record of improving risk management capabilities, safety frameworks, and ensuring accountability and transparency. Ms. Smith is an independent non-executive director at Hurricane Energy plc and is a member of the company's Technical and ESG Committees. Ms. Smith was a former President of the Petroleum Exploration Society of Great Britain and obtained a Bachelor of Science degree in geology and a Master of Science degree in petroleum geology.

Cease Trade Orders

Mr. Paul Baay was formerly a director of AlkaLi3 Resources Inc. ("**AlkaLi3**"), a reporter listed on the NEX board of the TSX Venture Exchange ("**TSXV**"). On May 4, 2018, a cease trade order for failure to file audited annual financial statements was issued against AlkaLi3 by the Alberta Securities Commission ("**ASC**") and the Ontario Securities Commission (the "**OSC**"), on their own behalf and on behalf of the provinces of British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland pursuant to Multilateral Instrument 11-103 – Failure-to-File Cease Trade Orders in Multiple Jurisdictions. As a result, the TSXV suspended trading of AlkaLi3 common shares effective May 4,

2018. AlkaLi3 filed the required financial statements on May 9, 2018, and the cease trade order was revoked by the ASC and OSC on May 11, 2018.

Except as otherwise 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 AIF has been, 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:

(a) 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 was 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

(b) 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.

Bankruptcies and Insolvencies

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

Mr. John D. Wright was the President and Chief Executive Officer and a director of Lightstream Resources Ltd. ("**Lightstream**"), and Mr. Kenneth R. McKinnon was a director of Lightstream when the company obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) ("**CCAA**") on September 26, 2016. On December 29, 2016, as a result of the CCAA sales process, substantially all of the assets and business of Lightstream were sold to Ridgeback Resources Inc. ("**Ridgeback**"), a new company owned by former holders of Lightstream's secured notes. Mr. McKinnon resigned as a director of Lightstream upon formation of the new company. Mr. Wright resigned as an officer and director of Lightstream and was concurrently appointed President and Chief Executive Officer and a director of Ridgeback upon closing of the sale transaction, positions which he held to June 30, 2017.

On November 2017, Mr. John D. Wright became a director of OAN Resources Ltd. ("**OAN**"), a private issuer. On June 14, 2019, the management of OAN filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the Bankruptcy and Insolvency Act to restructure OAN's affairs. Mr. Wright resigned his director position on October 10, 2019. OAN was unable to file a proposal within the provided period and was deemed to have made an assignment into bankruptcy on October 13, 2019.

Except as otherwise disclosed herein, to the knowledge of the Company no director or executive officer of the Company:

(a) is, at the date of this AIF or has been within the ten years before the date of this AIF, a director or executive officer of any company 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; or

(b) has, within the ten years before the date of this AIF, become 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 the assets of the director, officer or shareholder.

Penalties and Sanctions

To the knowledge of the Company, no director or executive officer of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in making an investment decision.

Conflicts of Interest

The directors or officers of the Company may also be directors or officers of other oil and natural gas companies or otherwise involved in natural resource exploration and development, and situations may arise where they are in a conflict of interest with the Company. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company discloses their interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. See "*Risk Factors*".

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The complete text of the mandate of the Audit Committee is attached to this AIF as Appendix "C" hereto.

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 consolidated financial statements and related disclosures that management and the Board have established; and Touchstone's auditing, accounting and financial reporting processes.

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

Composition of the Audit Committee and Qualifications

The members of the Audit Committee are Stanley T. Smith (Chairman), Kenneth R. McKinnon and Peter Nicol. The members of the Audit Committee are independent (in accordance with National Instrument 52-110 – *Audit Committees*) and are financially literate.

The following is a description of the education and experience of each member of the Audit Committee.

Stanley T. Smith, Chairman

Mr. Smith is a designated accountant with over 39 years of public accountant experience. Mr. Smith's focus of practice was public company auditing and advising, primarily in the oil and gas exploration, production and service industry. After retirement from KPMG LLP on September 30, 2016, Mr. Smith has been acting as an independent consultant. Mr. Smith was formerly a director of Toscana Energy Income Corporation, Razor Energy Corp. and Savanna Energy Services Corp. Mr. Smith is a member of the Chartered Professional Accountants of Alberta and Institute of Corporate Directors.

Kenneth R. McKinnon

Mr. McKinnon has been a director of Touchstone Exploration Inc. (formerly Petrobank Energy and Resources Ltd.) since its incorporation in October 2012. Mr. McKinnon is a director and Chairman of the Compensation Committee of Alvopetro Energy Ltd., positions he has held since November 2013. In addition, Mr. McKinnon is a director, the Chairman of the Audit Committee and the Chairman of the Compensation and Governance Committee of The Supreme Cannabis Company Inc. since March 2019. Previously, Mr. McKinnon was a director of Lightstream Resources Ltd. from October 2009 to December 2016 and held the position of Chairman from May 2011 through December 2016. Mr. McKinnon previously served on the Board of Governors of the University of Calgary and as a Director of Alberta Innovates, holding positions on the Executive Committee and as Chairman of the Compensation and Governance Committees in each organization. Mr. McKinnon is a member of the Institute of Corporate Directors.

Peter Nicol

Mr. Nicol has over thirty years of experience in the oil and gas sector. He is currently a director and member of the audit committee and compensation committee of Eco (Atlantic) Oil and Gas Ltd., a public company dual listed on the TSXV and AIM. Mr. Nicol was formerly a partner in GMP Securities Europe as the Head of the Oil and Gas research team, responsible for initiating coverage of over 36 international oil and gas exploration and production companies and raising capital for over 20 companies. Mr. Nicol also previously held positions with Tristone Capital as Executive Managing Director for International Oil and Gas Research, ABN AMRO as Global Sector Director of Oil and Gas research, and as Executive Director, Head of European Oil and Gas Research at Goldman Sachs. Mr. Nicol holds a Bachelor of Science in mathematics and economics from the University of Strathclyde in Glasgow, Scotland.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy to review and pre-approve any non-audit services to be provided to the Company by the external auditors and consider the impact on the independence of such auditors. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member reports such pre-approval to the Audit Committee at the next scheduled meeting, and the member complies with such other procedures as may be established by the Audit Committee from time to time.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of non-audit services provided by Ernst & Young LLP to the Company to ensure audit independence. The following table sets out the aggregate fees billed by Ernst and Young LLP for the years ended December 31, 2020 and 2019 in US$, which is the Company's presentation currency. Invoices denominated in C$ have been translated to US$ at average exchange rates for the relevant year.

Nature of Services	2020 Fees ($)	2019 Fees ($)
Audit Fees(1)	175,984	175,749
Audit-related Fees(2)	-	-
Tax Fees(3)	28,767	53,073
All Other Fees(4)	-	-
Total fees	**204,751**	**228,822**

Notes:

(1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit fees also include audit or other attest services in connection with statutory and regulatory filings and engagements.

(2) "**Audit-related Fees**" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements but not reported as Audit Fees.

(3) "**Tax Fees**" include fees for professional services for tax compliance, tax planning and tax advice.

(4) "**All Other Fees**" include fees for all other services not meeting the fee classifications above.

AUDITORS, TRANSFER AGENTS AND REGISTRAR

The auditors of the Company are Ernst & Young LLP, Chartered Professional Accountants, Suite 2200, 215 – 2nd Street SW, Calgary, Alberta, T2P 1M4.

The Company's transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada, located at Suite 800, 324 – 8th Avenue SW, Calgary, Alberta, T2P 2Z2. The Company's depository and custodian in respect of its United Kingdom depository interests is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, as at December 31, 2020, there were no material legal proceedings to which the Company was a party or which any of its respective properties was the subject matter of, nor were there any such proceedings known to the Company to be contemplated as at such date.

To the knowledge of the Company, during the year ended December 31, 2020, there have not been any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and the Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any director or executive officer of the Company, of any Shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of outstanding voting securities of the Company, or any other Informed Person (as defined in NI 51-102) or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year of the Company which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, including purchase and sale agreements and exploration and production licence and marketing agreements, Touchstone has not entered into any material contracts during its most recently completed financial year, or before its most recently completed financial year that are still in effect, other than the SRP and Loan Agreement (see "*Description of Capital Structure*"). These documents, as well as additional information relating to the Company contained in documents filed by the Company with the Canadian securities regulatory authorities, may be accessed through the Company's SEDAR profile (www.sedar.com).

Please see "*Description of the Business and Operations - Operating Agreements*" for details regarding the Company's petroleum exploration and production licence and marketing agreements.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company other than GLJ, Touchstone's independent reserves evaluators, and Ernst & Young LLP, Chartered Professional Accountants, Touchstone's auditors. None of the principals of GLJ has any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or its subsidiaries, either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter, or to be received by them. Ernst & Young LLP is independent in the context of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any of its subsidiaries.

RISK FACTORS

The following is a summary of certain risk factors relating to the business of Touchstone and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. Investors should carefully consider the risk factors set out below and review all other information contained herein and in the Company's other public filings before making an investment decision.

In assessing the risks of an investment in the Company's Common Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the Management of Touchstone. Touchstone's securities involve a high degree of risk. Potential investors should carefully consider the following information about these risks, together with the information contained in Touchstone's continuous disclosure record available on SEDAR (www.sedar.com) and on the Company's website (www.touchstoneexploration.com) before any purchase or sale of such securities. An investment in Common Shares is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Common Shares. If any of the following risks actually occurs, the business, financial condition and prospects of the Company could be adversely affected in a material way. In that case, the value of any securities of the Company could also decline, and investors could lose all or part of their investment.

The risks and uncertainties described below are those that the Company's Management believes are material, but these risks and uncertainties may not be the only ones that the Company may face. Additional risks and uncertainties, including those that the Company's Management currently is not aware of or deem immaterial, may also result in decreased petroleum revenue, increased operating or capital expenses or other events that could lead to a decline in the value of any securities of Touchstone.

COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic, prompting many countries around the world to close international borders and order the closure of institutions and businesses deemed nonessential. This resulted in a swift and significant reduction in global economic activity along with a sudden drop in demand for crude oil and natural gas. COVID-19 has caused an unprecedented global health crisis and, coupled with an oversupply of crude oil, has contributed to an economic crisis. Crude oil prices have partially recovered from the historic lows observed earlier in 2020, but price support from future demand remains uncertain as countries experience varying degrees of virus outbreak and newly emerging virus variants following efforts to re-open local economies and international borders. The effect of low crude oil prices as a result of reduced demand associated with the impact of COVID-19 has had, and is likely to continue to have, a negative impact on the Company's operational results and financial condition. Low prices for crude oil will reduce the Company's funds from operations, impact the Company's level of capital investment and may result in the reduction of production at certain producing properties.

While market conditions have recently improved, the full extent of the risks surrounding the COVID-19 pandemic is continually evolving in light of an effective distribution of the vaccine and also through subsequent waves, or additional variants of COVID-19 continue to emerge which are more transmissible or cause more severe disease. The risks disclosed herein may be exacerbated as a result of the COVID-19 pandemic; market risks related to the volatility of oil and gas prices, volatility of foreign exchange rates, volatility of the market price of the Company's Common Shares, and hedging arrangements; operational risks related to increasing operating costs or declines in production levels, capital project delays, delays in receiving government regulatory approvals, marketing arrangement counterparty performance or payment delays, and government regulations; ability to obtain additional financing, accounting adjustments, effectiveness of internal controls, and reliance on key personnel, management, and labour.

The COVID-19 pandemic has also created additional operational risks for the Company, including the need to provide enhanced safety measures for its employees and customers; comply with rapidly changing regulatory guidance; address the risk of attempted fraudulent activity and cyber-security threat behaviour; and protect the integrity and functionality of the Company's systems, networks and data as a larger number of employees work remotely. The Company is also exposed to human capital risks due to issues related to health and safety matters and other environmental stressors as a result of measures implemented in response to the COVID-19 pandemic, as well as the potential for a significant proportion of the Company's employees, including key executives, to be unable to work effectively because of illness, quarantines, international travel restrictions, government actions or other restrictions in connection with the pandemic.

Touchstone's field operations are located in areas relatively remote, and in certain facilities, a small concentration of personnel may work in close proximity to one another. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk. The Company takes every precaution to strictly follow domestic industrial hygiene and occupational health guidelines. There can be no assurance that COVID-19 or another infectious illness will not impact the Company's personnel and ultimately its operations.

The extent to which the COVID-19 pandemic continues to impact the Company's results, business, financial condition or liquidity will depend on global future developments, including the development and widespread availability of efficient and accurate testing options and effective treatment options or vaccines. Despite the approval of certain vaccines by global regulatory bodies, the ongoing evolution of the development and distribution of an effective vaccine also continues to raise uncertainty.

Climate Change

There is growing international concern regarding climate change, and there has been a significant increase in focus on the timing and pace of the transition to a lower-carbon economy. Governments, financial institutions, insurance companies, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to implement, among other things, regulatory and policy changes, changes in investment patterns, and modifications in energy consumption habits and trends, which individually and collectively are intended to or have the effect of accelerating the reduction in the global consumption of carbon based energy, the conversion of energy usage to less carbon-intensive forms and the general migration of energy usage away from carbon-based forms of energy.

Climate change and its associated impacts may increase our exposure to, and magnitude of, each of the risks identified in the "*Risk Factors*" section of this AIF. Overall, the Company is not able to estimate at this time the degree to which climate change related regulatory, climatic conditions, and climate-related transition risks could impact the Company's financial and operating results. The Company's business, financial condition, results of operations, cash flows, reputation, access to capital, access to insurance, cost of borrowing, access to liquidity and ability to fund business plans may, in particular, without limitation, be adversely impacted as a result of climate change and its associated impacts.

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting greenhouse gas ("**GHG**") emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing Touchstone's operating expense and, in the long-term, potentially reducing the demand for crude oil, natural gas and NGLs, resulting in a decrease in the Company's profitability and a reduction in the value of its assets.

General Risks Relating to the Company and to the Hydrocarbon Exploration Industry

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

Foreign Location of Assets and Foreign Economic and Political Risk

Touchstone is subject to additional risks associated with international operations in Trinidad. The Company's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of Touchstone, including, but not limited to: nationalization, expropriation of property without fair compensation or marketable compensation; renegotiation or nullification of existing concessions and contracts; the imposition of specific drilling obligations and the development and abandonment of fields; changes in energy and environmental policies or the personnel administering them; changes in oil and natural gas pricing policies; the actions of national labour unions; currency fluctuations and devaluations; currency exchange controls; economic sanctions; royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which Touchstone's operations will be conducted. The Company's operations may also be adversely affected by the laws and policies of Trinidad affecting foreign trade, taxation and investment. If the Company's operations are disrupted and/or the economic integrity of its projects are threatened for unexpected reasons, its business may be harmed. Prolonged problems may threaten the commercial viability of its operations. In addition, there can be no assurance that contracts, licences, licence applications or other legal arrangements will not be adversely affected by changes in governments in foreign jurisdictions, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

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

Acquiring interests and conducting exploration and development operations in foreign jurisdictions often require compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Management is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Although Management considers political conditions in Trinidad as generally stable, changes may occur in its political, fiscal and legal systems, which might affect the ownership or operation of the Company's interests including, inter alia, changes in exchange rates, exchange control regulations, expropriation of oil and gas rights, changes in government and in legislative, fiscal and regulatory regimes. The Company's current business strategy, including its risk management strategies, has been formulated in the light of the current political and regulatory environment and likely future changes. The political and regulatory environment may change in the future, and such changes may have a material adverse effect on the Company.

Touchstone may in the future acquire oil and natural gas properties and operations outside of Trinidad, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of Touchstone.

Commodity Prices and Marketing

Numerous factors beyond the Company's control do and will continue to affect the marketability and price of crude oil acquired, produced or discovered by the Company. Accordingly, commodity prices are the Company's most significant financial risk. Prices for crude oil are subject to large fluctuations in response to relatively minor changes in the supply of and demand, market uncertainty, and a variety of additional factors beyond the control of the Company. These factors include economic and political conditions in the United States, Canada, Europe, Russia, China and emerging markets, the actions of Organization of Petroleum Exporting Countries ("**OPEC**") and other oil and gas exporting nations, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply and demand of crude oil, risks of supply disruption, the price of foreign imports, and the availability of alternative fuel sources.

Prices for crude oil are also subject to the availability of foreign markets and Heritage's ability to access such markets. A material decline in commodity prices will result in a reduction of the Company's petroleum revenue and cash from operations. The economics of producing from some wells may change because of lower prices, which could result in reduced production and a reduction in the volumes and the value of the Company's reserves. The Company may also elect not to produce from certain wells at lower prices.

Crude oil prices are expected to remain volatile for the near future because of market uncertainties over the supply and the demand of these commodities due to COVID-19 and its affect on world economies, OPEC actions, political uncertainties, slowing growth in emerging economies, weakening global relationships and trade relationships, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. These events and conditions have led to a significant decrease in the valuation of oil and gas companies and a decline in confidence in the oil and gas industry. In addition, lower commodity prices restrict the Company's cash from operations resulting in less cash being available to fund the Company's capital expenditure budget. As a result, the Company may not be able to replace its production with additional reserves, and both the Company's production and reserves could be reduced on a year-over-year basis. In addition to possibly resulting in a decrease in the value of the Company's economically recoverable reserves, lower commodity prices may also result in a decline in the value of the Company's oil and gas assets, which could also have the effect of requiring a write down of the carrying value of the Company's oil and gas assets on its consolidated statements of financial position and the recognition of an impairment charge in its consolidated statements of comprehensive income. Given the current market conditions and the lack of confidence in the Canadian oil and gas industry, the Company may have difficulty raising additional funds, or if it is able to do so it may be on unfavourable and highly dilutive terms.

In addition, volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and forecast returns on acquisitions and development and exploitation projects. The Company monitors market conditions and may selectively utilize derivative instruments to reduce exposure to crude oil price movements. However, the Company is of the view that it is neither appropriate nor possible to eliminate 100 percent of its exposure to commodity price volatility.

The Company entered into a long-term fixed price natural gas sales agreement in 2020 with NGC, which contains options for price negotiations on each fifth anniversary of the initial production date. The price of natural gas in Trinidad is predominantly based on domestic supply and demand, with demand largely from domestic power generation and petrochemical facilities. There can be no guarantee that the Company may be able to negotiate future price increases for natural gas, and a material decline in future natural gas sales prices will result in a reduction of the Company's petroleum revenue and cash from operations. Lower natural gas prices may also affect the volume and value of the Company's natural gas reserves rendering certain reserves uneconomic.

These factors could result in a material decrease in the Company's expected petroleum revenue and a reduction in its oil and natural gas production, development and exploration activities. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the carrying value of the Company's reserves, borrowing capacity, petroleum revenue, profitability and cash from operations, and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Adverse Economic Conditions

The demand for energy, including crude oil and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession or other adverse economic or political development in the United States, Europe, or Asia, there could be a significant adverse effect on global financial markets and commodity prices. In addition, continued hostilities in the Middle East and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Global or national health concerns, including the outbreak of a pandemic or contagious diseases, such as the COVID-19 outbreak, may adversely affect the Company by (i) reducing global economic activity thereby resulting in lower demand for crude oil and natural gas, (ii) impairing its supply chain, for example, by limiting the manufacturing of materials or the supply of services used in Touchstone's operations, and (iii) affecting the health of its workforce, rendering employees unable to work or travel. These and other factors disclosed elsewhere in this AIF that affect the demand for crude oil, natural gas and NGLs and the Company's business and industry could ultimately have an adverse impact on Touchstone's results of operations and cash flows.

Substantial Capital Requirements and Additional Funding

The Company anticipates making substantial capital expenditures for the acquisition, exploration, development and production of crude oil, natural gas and NGL reserves in the future. If the Company's petroleum revenue or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs and may require additional financing to do so. Touchstone's inability to raise funding to support ongoing operations and to fund capital expenditures or acquisitions may limit the Company's growth, may affect the Company's ability to expend the necessary capital to replace its reserves or to maintain its production or may have a material adverse effect upon the Company's financial condition, results of operations or prospects. The ability of Touchstone to arrange financing in the future will depend in part upon the prevailing capital market conditions, risk associated with international oil and gas operations, as well as the business performance of the Company. Fluctuations in commodity prices may affect lending policies for potential future lenders. This in turn could limit growth prospects in the short-term or may even require Touchstone to dedicate existing cash balances or cash from operations, dispose of properties or raise new equity to continue operations under circumstances of declining energy prices, disappointing drilling results, or economic or political dislocation in foreign countries. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Company's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result.

In addition, capital markets are adjusting to the risks that climate change poses and as a result, the Company's ability to access capital may also be adversely affected in the event that institutional investors, credit rating agencies, and/or lenders adopt more restrictive decarbonization policies. The future development of the Company's business may be dependent upon its ability to obtain additional capital, including debt and equity financing. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. This may be further complicated by the limited market liquidity for shares of smaller internationally focused companies, restricting access to some institutional investors.

The costs associated with Touchstone's future capital programs and reclamation and abandonment costs could be materially higher than expected, and Touchstone may experience adverse variances to budget with respect to capital expenditures. The Company could therefore require additional funding in the future to fulfill its stated objectives, and there can be no assurance that such funding will be available to Touchstone on favourable terms, or at all. If additional financing is raised by the issuance of Common Shares, control of the Company may change, and Shareholders may suffer additional dilution. The Company cannot predict the size of future issuances of equity or the issuance of debt or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Company's outstanding Common Shares. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay in development or production on the Company's properties, cause the Company to forfeit its interest in certain properties, miss strategic acquisition opportunities or reduce or terminate its operations.

If cash from operating activities and funds from external financing sources are not sufficient to cover the Company's capital expenditure requirements, Touchstone may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures. Any change to the Company's capital expenditure plans could, in turn, have a material adverse effect on the Company's growth objectives and its business, financial position and results of operations. Because of these factors, the Company could be unable to execute projects on time, on budget, or at all.

General Risks Relating to Oil Exploration, Development and Production

The Company's operations are subject to all the risks normally associated with the exploration for and production of oil and natural gas including geological risks, operating risks, development risks, marketing risks, decommissioning risk and logistical risks of operating in Trinidad. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells but from wells that are productive but do not produce sufficient petroleum revenue to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of wells or pipelines resulting from extreme weather conditions, insufficient storage or transportation capacity and other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect petroleum revenue and cash flow levels to varying degrees.

Other factors affecting the exploration, development, production and sale of oil and natural gas that could result in decreases in profitability include: expiration or termination of the leases, licences, permits, LOAs, FOAs, joint operation or venture agreements and marketing agreements, as applicable, or sales price redeterminations or suspension of deliveries; future litigation; the timing and amount of insurance recoveries; work stoppages or other labour difficulties; changes in the market and general economic conditions; and hazards typically associated with oil and gas operations, including fire, explosion, blow-outs, cratering, spills, and other environmental hazards, or adverse geological conditions, each of which could result in substantial damage to oil wells, production facilities, other property and the environment or in personal injury.

The impact on the oil and natural gas industry from commodity price volatility is significant. During periods of high prices, producers may generate sufficient cash from operations to conduct active exploration programs without external capital. Increased commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. The cost of purchasing land or properties and work commitments associated with new exploration blocks similarly can increase in price during these time frames. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. With decreased demand, the prices charged by the various service suppliers may also decline.

Oil and natural gas exploration and development activities are dependent on the availability of seismic, drilling, completions and other specialized equipment in the particular areas where such activities will be conducted. Demand for or increase in cost of such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

The Company is exposed to a significant level of exploration risk. The Company's current and future (to the extent discovered or acquired) proved reserves will decline as reserves are produced from its properties unless the Company is able to acquire or develop new reserves. The business of exploring for, developing or acquiring reserves is capital intensive and is subject to numerous estimates and interpretations of geological and geophysical data. There can be no assurance the Company's future exploration, development and acquisition activities will result in material additions of proved reserves or of further commercial quantities of oil and natural gas. To manage this risk, to the extent possible, Touchstone employs highly experienced geologists and geophysicists, uses technology such as seismic as a primary exploration tool and focuses exploration efforts in known hydrocarbon-producing basins. The Company takes a portfolio approach to exploration by dispersing drilling locations among different areas and geological basins and by targeting multiple play-types. The Company may also choose to mitigate exploration risk through acquisitions that may require raising funds. Moreover, Management of the Company may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic.

Oil and natural gas development and exploration involves a high degree of risk, and there is no assurance that expenditures made on future exploration or development activities by Touchstone will result in discoveries of oil or natural gas that are commercially or economically feasible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations; the costs associated with encountering various drilling conditions such as over pressured zones; premature declines of reservoirs and the invasion of water into producing formations; potential environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life or threaten wildlife and damage to property of the Company and others; tools lost in the hole; and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. Touchstone maintains insurance coverage but will not be fully insured against all risks nor are all such risks insurable. In either event, the Company could incur significant costs.

Environmental Regulations

The Company is subject to environmental laws and regulations that affect aspects of the Company's past, present and future operations. Extensive environmental laws and regulations in Trinidad will and do affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including air emissions, water quality, wastewater discharges and the generation, transport and disposal of waste and hazardous substances; provide for penalties and other liabilities for the violation of such standards; and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or have been conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation.

There is uncertainty around the impact of environmental laws and regulations, including those currently in force and proposed laws and regulations, and the Company cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered, interpreted from time to time, or enforced. It is not possible to predict the outcome and nature of certain of these requirements on the Company and its business at the current time; however, failure to comply with current and proposed regulations can have a material adverse impact on the Company's business and results of operations by substantially increasing its capital expenditures and compliance costs and its ability to meet its financial obligations, including debt payments. It may also lead to the modification or cancellation of licences, sub-licences and permits, penalties and other corrective actions which may have an impact on production operations. Further, compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by Touchstone for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on the Company.

Environmental regulation is becoming increasingly stringent, and the costs and expenses of regulatory compliance are increasing. The Company's activities have the potential to impair natural habitat, damage plant and wildlife, or cause contamination to land or water that may require remediation under applicable laws and regulations. These laws and regulations require the Company to obtain and comply with a variety of environmental registrations, licences, permits and other approvals. In Trinidad, licencing and permitting processes relating to the exploring and drilling for and development of oil and natural gas, including any required marketing infrastructure take significant time, and they are outside the control of the Company. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas and can impact on the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures. Both public officials and private individuals may seek to enforce environmental laws and regulations against the Company.

Significant liability could be imposed on the Company for costs resulting from potential unknown and unforeseeable environmental impacts arising from the Company's operations, including damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased by Touchstone or non-compliance with environmental laws or regulations. While these costs have not been material to the Company in the past, there is no guarantee that this will continue to be the case in the future.

Given the nature of the Company's business, there are inherent risks of oil or NGL spills occurring at the Company's drilling and operations sites. Large spills of oil and associated liquids can result in significant clean-up costs. Liquids spills can occur from operational issues, such as operational failure, accidents and deterioration and malfunctioning of equipment. In Trinidad, oil and NGL spills can also occur as a result of sabotage and damage to well equipment and pipelines. Further, the Company sells oil at various delivery stations, and the oil is primarily truck transported. There is an inherent risk of oil spills caused by road accidents which the Company may still be deemed to be responsible for as the owner of the crude oil. All of these may lead to significant potential environmental liabilities, such as clean-up and litigation costs, which may have a material adverse effect on the Company's financial condition, cash from operations and results of operations. Depending on the cause and severity of the liquids spill, the Company's reputation may also be adversely affected, which could limit the Company's ability to obtain permits and affect its future operations.

To prevent and/or mitigate potential environmental liabilities from occurring, the Company has policies and procedures designed to avoid and contain oil and associated liquids spills. The Company works to minimize spills through facilities that are safely operated, through effective operations integrity management, through continuous employee training, through regular upgrades to facilities and equipment, and implementation of a comprehensive inspection system. Also, the Company's facilities and operations are subject to routine inspection by various authorities in Trinidad to evaluate the Company's compliance with various laws and regulations.

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

Although the Company believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Regulations Related to Emissions

Governments around the world have become increasingly focused on regulating GHG emissions and addressing the impacts of climate change in some manner. Trinidad currently has national policies (national environmental policy and national climate change policy) that address, inter alia, the issue of mitigation or reduction of GHG emissions. The national climate change policy aims to provide policy guidance for the development of an appropriate administrative and legislative framework for the pursuance of low-carbon development through suitable and relevant strategies and actions to address climate change, including sectoral and cross-sectoral adaptation and mitigation measures. The policy is guided by the objective of reducing or avoiding GHG emissions from all emitting sectors. Notwithstanding this, the EMA, which is the existing statute for environmental matters, does not specifically address GHG emissions but does express provisions for carbon dioxide.

GHG emissions legislation is emerging and is subject to change. On an international level, in December 2015, almost 200 nations, including the Republic of Trinidad and Tobago, agreed to an international climate change agreement in Paris, France, that calls for countries to set their own GHG emission targets and be transparent about the measures each country will use to achieve its GHG emission targets.

Current GHG emissions legislation has not resulted in material compliance costs. However, it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact the Company's business. Any such future laws and regulations that limit emissions of GHGs could adversely affect demand for the oil and natural gas that the Company produces and could result in additional compliance costs or additional operating restrictions. In the long-term the Company expects that future climate change regulations will have the effect of increasing the Company's operating expenses and potentially reducing the demand for oil and natural gas and related products, resulting in a decrease in the Company's profitability and a reduction in the value of its assets.

If the Company is unable to recover a significant amount of its costs related to complying with climate change regulatory requirements imposed on the Company, it could have a material adverse impact on the Company’s business, financial condition and results of operations. In addition, significant restrictions on GHG emissions could result in decreased demand for the crude oil, natural gas and NGLs that the Company produces, with a resulting decrease in the value of the Company's reserves. Further, to the extent financial markets view climate change and GHG emissions as a financial risk, this could negatively impact the Company's cost of or access to capital.

Changing Investor Sentiment

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, concerns of the impact of oil and gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during transportation and concerns of landowners' rights, have affected certain investors' sentiments towards investing in the oil and gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they no longer are willing to fund or invest in oil and gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing and providing insurance coverage to oil and gas and related infrastructure businesses and projects. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board of Directors, Management and employees of the Company. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Company or not investing in the Company at all. Any reduction in the investor base interest or willing to invest in the oil and gas industry, and more specifically the Company, may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Common Shares even if the Company's operating results, underlying asset values or business prospects have not changed. Additionally, these factors, as well as other related factors, may cause a decrease in the value of the Company's assets which may result in an impairment change.

Alternatives to and Changing Demand for Petroleum Products

Full conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and renewable energy generation devices could reduce the demand for oil and liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil and gas products. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations by decreasing the Company's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Loan Agreement Indebtedness and Observance of Certain Restrictive Covenants under the Terms of Indebtedness

The Company's Loan Agreement may impose operating and financial restrictions on the Company that could include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Company's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, acquiring of further assets, entering into amalgamations, mergers, take-over bids or disposition of assets, among others. The need to meet such thresholds or observe such restrictions could hinder Touchstone's ability to carry out its business strategy. In addition, the Company is required to comply with financial covenants under its Loan Agreement during the year ended December 31, 2022. A breach of the terms of Touchstone's indebtedness could cause a default under the terms of its indebtedness, resulting in some or all of its indebtedness to become immediately due and payable. Such action could adversely affect the Company's operating results and financial condition. It is uncertain whether the Company's and/or its subsidiaries' assets would be sufficient to generate the funds necessary to repay such indebtedness in the event of its acceleration. Events beyond the Company's control may contribute to the failure of the Company to comply with such covenants.

Pursuant to the terms of the Loan Agreement, the lender has been provided with security over all of the current and future assets of the Company's Trinidad based upstream oil and gas subsidiaries. A failure to comply with the obligations set out in the Loan Agreement could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness and adversely affect the Company's operations and/or financial condition. If the Company's lender require repayment of all or a portion of the amounts outstanding under its Loan Agreement for any reason, including for a default of a covenant, there is no certainty that the Company would be in a position to make such repayment. Even if the Company is able to obtain new financing in order to make any required repayment under its Loan Agreement, it may not be on commercially reasonable terms or terms that are acceptable to the Company.

Repayment of Existing Indebtedness

The Company may not be able to refinance the principal amount outstanding pursuant to the Loan Agreement in order to repay the principal outstanding or may not generate enough cash from operations to meet these obligations. The Company's ability to make payments of principal and interest, or to refinance indebtedness related to the Loan Agreement will depend on its future operating performance and cash from operations, which are subject to prevailing economic conditions, prevailing commodity price levels, and financial, competitive business and other factors, many of which are beyond its control. The Company's cash from operations will be in part dedicated to the payment of the principal and interest on its indebtedness. No assurance can be given that the Company will be able to repay the Loan Agreement.

Issuance of Debt

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

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of recoverable oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document are estimates only. In general, estimates of economically recoverable oil, natural gas and NGL reserves (including the breakdown of reserves by product type) and the future net cash flows therefrom are based upon a number of variable factors and assumptions, including forward commodity prices, historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital and abandonment expenditures, marketability of oil, natural gas and NGLs, future operating and transportation expenses, royalty rates, tax rates, and the assumed effects of regulation by governmental agencies, all of which may vary materially from actual results.

For those reasons, among others, estimates of the economically recoverable crude oil, natural gas and NGL reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary, and such variations may be material. The actual production, petroleum revenue, taxes, development and operating expenditures with respect to the reserves associated with the Company's properties may vary from the information presented herein, and such variations could be material. In addition, income tax estimates set forth herein are calculated by utilizing the Company's estimated December 31, 2020 tax pools and non-capital losses and do not represent an estimate of the value at the business entity level, which may be materially different.

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

The Company's reserves evaluator forecasts reserve volumes and future cash flows based upon current and historical well performance through to the economic production limit of individual wells. Notwithstanding established precedence and contractual options for the continuation and renewal of the Company's existing licence, sub-licence and marketing agreements, in many cases the forecast economic limit of individual wells is beyond the current term of the relevant agreements; there is no certainty as to any renewal of the Company's existing production and marketing arrangements.

Actual production and cash flows derived from the Company's oil, natural gas and NGL reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Company intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in the Company's reserves since that date.

The estimation of proved reserves that may be developed and produced in the future may be based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves, and such variations could be material.

Reserves Replacement

Touchstone's crude oil, natural gas and NGL reserves and production and its cash flows and net earnings derived therefrom are highly dependent upon the Company developing and increasing its current reserve base and discovering or acquiring additional reserves. Without the addition of reserves through exploration, acquisition or development activities, Touchstone's reserves and production will decline over time as reserves are depleted. To the extent that petroleum revenue or cash from operations is insufficient and external sources of capital become limited or unavailable, or available on onerous terms, Touchstone's ability to make the necessary capital investments to maintain and expand its crude oil, natural gas and NGL reserves may be impaired. There can be no assurance that Touchstone will be able to find and develop or acquire additional reserves to replace production at commercially feasible costs.

The Trinidad Exploration and Production Agreements

The current exploration and production licences, LOAs, joint operating agreements and/or FOAs with respect to Touchstone's properties contain significant obligations on the part of the Company or its subsidiaries including minimum work commitments on Trinidad concessions which, upon a continuing default, may give rise to the termination of the Company's operatorship interest therein. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, Touchstone may lose certain exploration and production rights on the blocks affected and may be subject to certain financial penalties that would be levied by Heritage, the MEEI, or the other parties thereto, as applicable. The current forms of licences and sub-licences, as applicable, may, in certain circumstances, be terminated at Heritage's or the MEEI's discretion and are subject to a defined term, and there is no certainty as to any renewal.

Title Issues

Touchstone holds its lease interests in Trinidad through government exploration and production licences, private leases and Heritage issued LOAs and FOAs. Although title and legal reviews may be conducted prior to the acquisition of lease or licence interests or operating and other contractual rights, or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title or entitlement will not arise to defeat Touchstone's claim which could result in a reduction of any petroleum revenue to be received by the Company. No assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and development authorizations and that such exploration and development authorizations will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for will be granted or renewed on terms satisfactory to the Company. There can be no assurance that claims by third parties against Touchstone or any of its subsidiaries will not be asserted at a future date.

Further, the Company is operating under a number of private lease agreements and one government licence which have expired and are currently being renegotiated. Based on legal opinions obtained from Trinidad legal counsel, the Company is continuing to recognize petroleum revenue as operator, is paying all associated royalties and taxes, and no title to its lands in Trinidad has been disputed. However, there is no certainty that such expired lease agreements will be renewed, on terms satisfactory to the Company or at all, or that the Company's rights as operator will not be challenged or impugned.

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

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

Relinquishment Obligations

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

Permits, Licences and Leases

Significant parts of the Company's operations require permits, licences and leases from various governmental authorities and landowners in Trinidad. There can be no assurance that the Company will be able to obtain all necessary permits, licences and leases that may be required to carry out exploration, development and marketing activities. If the present permits, licences and leases are terminated or withdrawn, which may result in associated abandonment and reclamation obligations, such event could have an adverse negative effect on the Company's operations, financial condition, business and prospects.

Sole Purchasers and Ability to Market

The Company is exposed to sole purchaser risk in Trinidad as Heritage is the sole purchaser of crude oil, and NGC is the sole purchaser of natural gas. Touchstone's ability to market its petroleum products depends upon numerous factors beyond its control, including: the availability of third-party pipeline capacity; the supply of and demand for petroleum; the availability of alternative fuel sources; the counterparty's future financial viability; and the effects of weather conditions. Deliverability uncertainties relate to third-party processing and storage facilities, operational problems affecting pipelines and facilities as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of crude oil, and domestic usage of natural gas. Because of these factors, Touchstone could be unable to market or to obtain competitive prices for the crude oil, natural gas and NGLs it produces.

The amount of oil, natural gas and NGLs that Touchstone can produce and sell is subject to the accessibility, availability, proximity and capacity of these third-party processing facilities and pipeline systems. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a materially adverse effect on the Company's ability to market its oil, natural gas and NGL production. The ongoing lack of availability of capacity in any of the third-party processing facilities and pipeline systems could result in Touchstone's inability to realize the full economic potential of its production or in a material reduction of the price offered for its production.

Insurance

Touchstone's involvement in the exploration for and development of oil and natural gas properties may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. In accordance with industry practice, the Company may not be fully insured against all business interruption of these risks, nor are all such risks insurable. Although the Company maintains liability insurance in an amount that the Company considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon the Company's financial condition. In addition, such risks may not in all circumstances be insurable, or in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects. Furthermore, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of whom may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Company's overall risk exposure could be increased.

Insurance markets are adjusting to the risks that climate change poses and as a result, the Company's ability to secure necessary or prudent insurance coverage may also be adversely affected in the event that insurers adopt more restrictive decarbonization policies. Certain insurance companies have taken actions or announced policies to limit available coverage for companies which derive some or all of their revenue from the oil and gas sector. As a result of these policies, premiums and deductibles for some or all of Touchstone's insurance policies could increase substantially. In some instances, coverage may be reduced or become unavailable. As a result, the Company may not be able to renew its existing policies, or procure other desirable insurance coverage, either on commercially reasonable terms, or at all.

Risks Associated with Geographically Concentrated Operations

All of the Company's production is derived from onshore properties located in Trinidad. As a result of this concentration, the Company may be disproportionately exposed to the impact of, among other things, regional supply and demand factors including delays or interruptions of production from wells in these areas caused by governmental regulation, community protests, union activities, processing or transportation capacity constraints, continued authorization by the government to explore and drill in these areas, severe weather events and the availability of drilling rigs and related equipment, facilities, personnel or services. Due to the concentrated nature of the Company's portfolio of properties, a number of the Company's properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on its results of operations than it might have on other companies that have a more diversified portfolio of properties.

The Company relies on local infrastructure and the availability of transportation for storage and shipment of its products. This infrastructure, including storage and transportation facilities, is less developed than that in North America and may be insufficient for the Company's needs at commercially acceptable terms in the localities in which it operates. Further, the Company operates in remote areas and solely relies on trucking for liquids transportation. This sole transportation method may result in increased levels of risk and could lead to operational delays which could affect the Company's ability to add to its reserve base or produce oil, natural gas and associated liquids, or serious injury or loss of life could have a significant impact on the Company's reputation or cash from operations. Additionally, some of the equipment is specialized and may be difficult to obtain in the Company's area of operations, which could hamper or delay operations and could increase the cost.

Labour Relations

The Company operates in Trinidad that has large state sponsored or owned oil and natural gas companies that have traditionally employed unionized personnel. Moreover, in the fourth quarter of 2018, Petrotrin closed it refinery operations and retrenched all staff. From time to time, the unions attempt or threaten to disrupt field operations and petroleum transportation activities of their employers which may directly or indirectly affect the operations of the Company and for which the Company has no control over.

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

The Company cannot provide assurances that social instability or labour disruption will not be experienced in the future. The potential impacts of future social instability, labour disruptions and any lack of public order may have on the oil and gas industry in Trinidad, and on the Company's operations in particular, are not known at this time. This uncertainty may affect operations in unpredictable ways, including disruptions of fuel supplies and markets, ability to move equipment such as drilling and workover rigs from site to site, or disruption of infrastructure facilities, including pipelines, production facilities and public roads which could be targets or experience collateral damage as a result of social instability, labour disputes or protests. Touchstone may suffer loss of production or be required to incur significant costs in the future to safeguard its assets against such activities, incur standby charges on stranded or idled equipment or to remediate potential damage to its facilities. There can be no assurance that the Company will be successful in protecting itself against these risks and the related financial consequences. Further, these risks may not in any part be insurable in the event the Company does suffer damage.

Political Uncertainty

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. Following the 2016 United States presidential election, the previous United States administration withdrew the United States from the Trans-Pacific Partnership, and the United States Congress passed sweeping tax reform, which, among other things, significantly reduced their corporate tax rates. The previous United States administration also took action with respect to the reduction of regulation. In addition, the United States Mexico Canada Agreement replaced the North American Free Trade Agreement in July 2020. These actions and changes, political, legal, and otherwise, have affected the competitiveness of other jurisdictions, including Canada. However, further changes may be expected following the election of a new administration in 2020. For example, the newly inaugurated administration has indicated that it will pursue policies intended to help the United States achieve net-zero emissions by 2050, reduce fossil fuel consumption, and increase support for renewable technologies and electric vehicles. In addition, the new administration cancelled a presidential permit required for the construction and operation of the Keystone XL pipeline, and various state and local governments have taken steps to oppose the expansion, or continued operation, of other international pipelines connecting Canada and the United States.

It is unclear exactly what actions or policies the United States federal administration, United States state, and local governments will implement, and if implemented, how these actions may impact other jurisdictions, in particular the crude oil and natural gas industry in light of the ongoing COVID-19 pandemic. Any actions taken by the United States administration may have a negative impact on the global economy and on the businesses, financial conditions, results of operations, and the valuation of crude oil and natural gas companies.

Conflict and political uncertainty also continue to progress in the Middle East. In addition, the impact of the United Kingdom's exit from the European Union are slowly emerging, and some impacts may not become apparent for some time. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade and access to personnel and freedom of movement, they could have an adverse effect on Trinidad's ability to market its products internationally and increase costs for goods and services required for the Company's operations, thereby reducing access to skilled labour and negatively impacting the Company's business, operations, financial conditions and the market value of its Common Shares.

Trinidad is in close proximity to Venezuela, which is going through a period of political uncertainty. The impact on the Company’s operations in Trinidad as a result of Venezuela's political situation is currently not known and cannot be reasonably foreseen.

Legal Systems

Barbados and Trinidad are part of the Commonwealth and thus have similar legal systems to Canada. However, Trinidad may have less developed legal systems than jurisdictions with more established economies, which may result in risks such as: effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute being more difficult to obtain; a higher degree of discretion on the part of governmental authorities; the lack of judicial or administrative guidance on interpreting applicable rules and regulations; inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or relative inexperience of the judiciary and courts in such matters. In certain jurisdictions, the commitment of local businesspeople, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the leases, licences, permits, LOAs, FOAs, joint operation or venture agreements and marketing agreements, as applicable, for business. These may be susceptible to revision or cancellation, and legal redress may be uncertain or delayed. There can be no assurance that the leases, licences, permits, LOAs, FOAs, joint operation or venture agreements and marketing agreements, as applicable, the applications to government or other governing bodies with respect thereto or other legal arrangements will not be adversely affected by the actions of government authorities or others, and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Foreign Subsidiaries

Touchstone conducts all of its operations in Trinidad through foreign subsidiaries and foreign branches, and the Company's ability to obtain cash from them may be restricted. Therefore, to the extent of these holdings, the Company will be dependent on the cash from operations of these subsidiaries to meet its obligations excluding any additional equity or debt Touchstone may issue from time to time. The ability of its subsidiaries to make payments and transfer cash to Touchstone may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes in the jurisdiction in which it operates; the introduction of foreign exchange and/or currency controls, repatriation restrictions or the availability of hard currency to be repatriated; and contractual restrictions with third parties.

Currently there are no restrictions on the repatriation of net earnings from Trinidad and Barbados to foreign entities. However, there can be no assurance that restrictions on repatriation of net earnings from Trinidad will not be imposed in the future.

Liabilities under Anti-Bribery Laws

The Company is subject to anti-bribery laws in Canada and Trinidad and may be subject to similar laws in other jurisdictions where it may operate in the future. The Company may face, directly or indirectly, corrupt demands by officials, tribal or insurgent organizations, international organizations, or private entities. As a result, the Company faces the risk of unauthorized payments or offers of payments by employees, contractors, agents, and partners of its subsidiaries or affiliates, given that these parties are not always subject to the Company's absolute control or direction. It is the Company's policy to prohibit these practices. However, the Company's existing safeguards and any future improvements to those measures may prove to be less than effective or may not be followed, and the Company's employees, contractors, agents, and partners may engage in illegal conduct for which it might be held responsible. A violation of any of these laws, even if prohibited by the Company's policies, may result in criminal or civil sanctions or other penalties as well as reputational damage and could have a material adverse effect on the Company's business and financial condition.

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to, but not limited to, personal injuries, including resulting from exposure to hazardous substances, property damage, property tax, land and access rights, environmental issues, including claims related to contamination or natural resource damages, and contractual disputes. The outcome of outstanding, pending or future proceedings, cannot be predicted with certainty and may be determined unfavourably to the Company and, as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of Management and key personnel from business operations, which could have an adverse effect on the Company's financial condition.

Income Taxes

The Company and its subsidiaries file all required income tax returns on a timely basis, and the Company believes that it is in full compliance with applicable Canadian, Trinidad and Tobago, and Barbados tax laws in all material respects; however, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, such reassessment may have an impact on current and future taxes payable. Income tax laws relating to the oil and gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Company. Furthermore, tax authorities having jurisdiction over the Company may disagree with how the Company calculates income for tax purposes or could change administrative practices to the Company's detriment.

Any change to the tax rates in Trinidad or other jurisdictions where the Company may initiate operations may have a material adverse effect on the ability of Touchstone to commercially produce and sell oil, natural gas and NGLs.

Market Risk Management

From time to time, the Company may enter into agreements to receive fixed prices on its oil production to offset the risk of petroleum revenue losses if commodity prices decline. However, to the extent that the Company engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Company's risk management arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which: production falls short of the hedged volumes or prices fall significantly lower than projected; there is a widening of price-basis differentials between delivery points for production and the delivery point/reference price assumed in the risk management arrangement; the counterparties to the risk management arrangements or other price risk management contracts fail to perform under those arrangements; or a sudden unexpected event materially impacts commodity prices. The Company may also enter into agreements to receive currencies at a fixed price. Therefore, and as above with commodity price risk management, there are risks associated with any currency swap or derivative agreement on future volumes.

Third-Party Credit Risk

The Company may be exposed to third-party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum production and other parties. In addition, the Company may be exposed to third-party credit risk from operators of properties in which the Company has a working or royalty interest. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company is unable to predict changes in a counterparty's creditworthiness or ability to perform. Even if the Company accurately predicts the sudden changes, its ability to negate the risk may be limited depending upon market conditions and the contractual terms of the transactions. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Company being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Company's financial and operational results.

Corruption

The Company's operations are governed by the laws of jurisdictions which generally prohibit bribery and other forms of corruption. The Company has policies in place to prevent any form of corruption or bribery, which includes enforcement of policies against giving or accepting money or gifts in certain circumstances and an annual certification from each employee confirming that each employee has received and understood the Company's anti-corruption policies. It is possible that the Company, some of its subsidiaries, or some of the Company or its subsidiaries' employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of employees or contractors. If the Company is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Company could be subject to onerous penalties and reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair the Company's ability to work with governments or non-governmental organizations. Such convictions or allegations could result in the formal exclusion of the Company from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern. Further, from time to time the Company may acquire a company that subsequently is subject to a bribery or corruption charge, whereby the Company could assume onerous penalties and/or suffer reputational damage as a result of activities in which the Company has no part.

Security

Violent crime, partly as a result of gang crime related to drug trafficking, continues to remain a top priority for the Trinidad government to address. The Company and its personnel are subject to these risks, but through effective security and social programs, Touchstone believes these risks can be effectively managed. The Company maintains insurance in an amount that it considers adequate and consistent with industry practice and its operations; however, it is difficult to obtain insurance coverage to protect against all types of crime. Consequently, incidents in the future could have a material adverse impact on the Company's operations.

Price and Volume Volatility

The market price of publicly traded securities of oil and gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors related to the Company's performance could include variations in the Company's financial condition, results of operations, cash flow and prospects. Factors unrelated to the Company's performance could include macroeconomics developments within Trinidad, the markets in which it is traded, or globally, domestic and global commodity prices, current perceptions of the oil and gas industry, the availability and attractiveness of alternative investments, and the breadth of the public market for the securities. In recent years, the volatility of commodities has increased due, in part, to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, in certain jurisdictions institutions, including government sponsored entities, have determined to decrease their ownership in oil and gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities. Similarly, the market price of the Common Shares could also be subject to significant fluctuations in response to variations in the Company's operating results, financial condition, liquidity, and other specific internal factors. The effect of these and other factors on the market price of the Common Shares of Touchstone on the TSX and AIM in the future cannot be predicted with certainty.

Trading volume in Touchstone's Common Shares has historically been limited with daily trading volumes varying significantly. Touchstone's Common Shares may experience extreme price and volume volatility which may result in losses to Shareholders.

The Company's Common Shares are traded on the TSX in Canadian dollars and traded on AIM in GBP. Fluctuations in the exchange rate between Canadian dollars and other currencies, including the GBP, will affect the value of the Common Shares and any dividends the Company may declare in the future, denominated in the local currency of investors outside of Canada. Further, any future fundraising may be undertaken in Canadian dollars or GBP, and there is therefore a potential foreign currency risk on transferring any proceeds into the functional currency required for the Company's activities which is predominantly the Trinidad and Tobago dollar.

There can be no guarantee that the Common Shares will trade at the same price on both TSX and AIM due to different investor sentiments, liquidity levels, transaction costs, taxation rates, regulations or foreign exchange rates, particularly between Canada and the United Kingdom, the countries which host TSX and AIM, respectively. Additionally, TSX and AIM operate in different time zones, and news flow from external sources which affect the Company may be acted upon earlier by an investor on one market ahead of the other. The Company has engaged brokers in the United Kingdom to manage the migration of shares between the registers kept in Canada and the United Kingdom, but there can be no guarantee that this arrangement will eliminate all arbitrage opportunities between the shares traded on TSX and AIM or that such procedures will be effective.

Dilution

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

In accordance with its long-term compensation incentive plans, Touchstone may, from time to time, issue share options to employees, officers and directors to purchase additional Common Shares in accordance with the policies of the TSX and AIM.

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

Additionally, future sales of Common Shares into the public market may lower the market price which may result in losses to Shareholders. With respect to TSX approved private placements, these Common Shares are freely tradable after a four-month and one-day restriction period. Sales of substantial amounts of Common Shares into the public market, or even the perception by the market that such sales may occur, may lower the market price of its Common Shares.

Dividends

To date, the Company has not paid any dividends on the outstanding Common Shares. Any decision to pay dividends on its Common Shares will be made by the Board on the basis of Touchstone and its subsidiaries net earnings, financial requirements and other conditions existing at such time.

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

Foreign Currency Rate Risk

Foreign currency exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. As the Company primarily operates in Trinidad, fluctuations in the exchange rate between the TT$ and the US$ could have a significant effect on reported results, as the sales prices of crude oil are determined by reference to US$ denominated benchmark prices and the majority of the Company's operating costs are denominated in TT$. In addition, the Company has US$ denominated debt and related interest payments. These risks are currently mitigated by the fact that the TT$ is informally pegged to the US$. The Company has further foreign exchange exposure on cash balances denominated in C$ and GBP, head office costs and production payment liabilities denominated and payable in C$, as well as costs payable in GBP required to maintain its AIM listing. Any material movements in the C$ to US$ and the GBP to US$ exchange rates may result in unanticipated fluctuations or have a material effect on the Company's reporting results.

Information Technology Systems and Cyber-Security

The Company has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure to conduct daily operations. In the event the Company is unable to deploy regularly software and hardware, upgrade effectively systems and network infrastructure, and take other steps to maintain or improve the efficiency of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, information systems could be interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, attacks by third parties or insiders, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Furthermore, some of these the risks are exacerbated by the Company's move to remote working in response to COVID-19 health regulations. Any of these or other events could cause interruptions, delays, loss of critical or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, confidential and proprietary information, and on Touchstone's business, financial condition, results of operations and cash from operations.

Increasingly, social media is used as a vehicle to carry out cyber-phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into the Company's systems and obtain confidential information. Touchstone provides employees with social media guidelines that align with our Business Code of Conduct and Ethics Policy. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that the Company may not be able to properly regulate social media use and preserve adequate records of business activities.

In addition, cyber-phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, credit card detail and money by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Company becomes a victim to a cyber-phishing attack, it could result in a loss or theft of the Company's financial resources or critical data and information or could result in a loss of control of the Company's technological infrastructure or financial resources. Although the Company has industry-accepted security measures and controls in place that are designed to mitigate these risks, a breach of its security measures and/or a loss of information or financial resources could occur and result in a loss of material and confidential information and reputation, breach of privacy laws and a disruption to its business activities. Any damages sustained may not be adequately covered by the Company's current insurance policies, or at all. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have an adverse effect on the Company's business, financial condition and results of operations.

Corporate and Regulatory Formalities

Acquiring interests and conducting petroleum operations in Trinidad require compliance with numerous procedures and formalities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Management of the Company is unable to predict the effect of additional and/or modification of corporate and regulatory formalities that may be adopted in the future including whether any such laws or regulations would materially increase Management's cost of doing business or affect its operations in any area. Upstream petroleum operations, including exploration, production, pricing, royalties, taxes, marketing and transportation, are subject to extensive controls and regulations imposed by various levels of government in Trinidad, which may be amended from time to time in response to economic or political conditions. The operations of the Company's subsidiaries may require licences or permits from various governmental authorities. There can be no assurance that the Company or any of its subsidiaries will be able to obtain all necessary licences and permits that may be required to carry out exploration and development at any of the Company's projects within the time frame or on terms and conditions acceptable to the Company. Any failure to renew, maintain or obtain the required permits, licences, registrations, approvals and authorizations or the revocation or termination of the aforementioned may disrupt the Company's operations. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for petroleum and increase the Company's costs, either of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls

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

Dependence on Management

The Chief Executive Officer and senior officers of the Company are critical to its success. In the event of the departure of the Chief Executive Officer or a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors, but there can be no assurance of such success. If the Company is not successful in attracting and retaining qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future cash from operations, net earnings, results of operations and financial condition. The Company strongly depends on the business and technical expertise of its Management team, and there is little possibility that this dependence will decrease in the near term.

Competition

The petroleum industry is competitive in all its phases. The Company will compete with numerous other participants in the exploration, development, production and marketing of oil and natural gas. The Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company, both within Trinidad and worldwide. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Company. Competitive factors in the marketing of crude oil and natural gas include price, process, and reliability of delivery and storage. To a lesser extent, the Company also faces competition from companies that supply alternative sources of energy, such as wind or solar power.

Availability of Drilling Equipment and Reliance on Third-Party Operators

Oil and natural gas exploration, development and operating activities are dependent on the availability and cost of drilling, completions and related equipment (typically leased or contracted from third parties) as well as skilled and trained personnel in the particular areas where such activities will be conducted. Demand for or increase in cost of such limited equipment and skilled personnel or access restrictions may affect the availability of such equipment and skilled personnel to the Company and may delay exploration and development activities. To the extent that the Company's indirectly owned subsidiaries are not the operators of any oil and natural gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Reputational Risk Associated with the Company's Operations

The Company's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards the Company or as a result of any negative sentiment toward, or in respect of, the Company's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Company operates as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions or even cancellations in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. The Company's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Company has no control. The Company's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property caused by the Company's operations, or due to opposition from special interest groups opposed to oil and natural gas development. If the Company develops a reputation of having an unsafe work site it may impact the ability of the Company to attract and retain the necessary skilled employees and consultants to operate its business. In addition, negative sentiment towards the Company could result in a lack of willingness of local authorities to grant the necessary licences or permits for the Company to operate its business and may also result in residents in the areas where the Company is doing business opposing further operations in the area by the Company.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Company's reputation. Damage to the Company's reputation could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Common Shares. There is no guarantee that the Company will be able to satisfy the concerns of the special interest groups and non-governmental organizations and attempting to address such concerns may require the Company to incur significant and unanticipated time, capital and operating expenditures.

Cost of New Technologies

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other upstream petroleum companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before Touchstone. There can be no assurance that Touchstone will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Company does implement such technologies, there is no assurance that the Company will do so successfully. One or more of the technologies currently utilized by Touchstone or implemented in the future may become obsolete. If Touchstone is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition and results of operations could be adversely affected in a material manner.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel are critical to the Company's success. The number of persons skilled in the acquisition, exploration, development and operation of oil and gas properties in the jurisdictions in which the Company operates are limited, and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, technical and operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future cash from operations, net income, results of operations, prospects and financial condition.

Nature of Acquisitions and Failure to Realize Benefits of Acquisitions and Dispositions

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquirer, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Company. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Company's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the Company's indirect interest in any such oil and gas properties and the Company's securities.

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

Natural Disasters and Weather-Related Risks

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

The Company's crude oil volumes are delivered to a coastal export location and processing facilities via a network of pipeline and gathering systems. The Company's future sale of natural gas will be delivered via a network of third-party pipelines. Without other transportation alternatives, sales of production could be disrupted by weather-related or other natural events which damage these pipelines. If petroleum liquids have to be trucked to other sales batteries or to the coastal export location, operating and transportation costs will increase. If crude oil, natural gas or NGL sales are curtailed, petroleum revenue and cash from operations will decrease.

Based on the Company's current understanding, the potential physical risks resulting from climate change are long-term in nature associated with a high degree of uncertainty regarding timing, scope and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme weather conditions such as heavy rainfall and wildfires may restrict the Company's ability to access its properties and cause operational difficulties, including damage to equipment and infrastructure and increasing the risk of personnel injury as a result of dangerous working conditions. Certain of the Company's assets are located in locations that are proximate to forests and rivers, and a wildfire or flood may lead to significant downtime and/or damage to the Company's assets or cause disruptions to the production and transport of its products or the delivery of goods and services in its supply chain.

Potential Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and principal Shareholders of the Company will be subject to in connection with the operations of the Company. Some of the directors, officers and principal Shareholders are or may become engaged in other oil and gas interests on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts of interest, if any, will be subject to the procedures and remedies under the ABCA. The directors and officers of the Company may not devote their time on a full-time basis to the affairs of the Company. See "*Interest of Management and Others in Material Transactions*" for further information about recent transactions with related parties.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Diversification and Expansion

The operations and expertise of the Company and its Management are currently focused primarily on petroleum production, exploration and development in Trinidad. Other companies have the ability to manage their risk by diversification; however, the Company lacks diversification in terms of the geographic scope of its business. As a result, factors affecting the industry or the regions in which it operates would likely impact the Company more acutely than if the Company's business was more diversified. In the future, the Company may acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets, and, as a result, may face unexpected risks or, alternatively, significantly increase the Company's exposure to one or more existing risk factors, which may in turn result in the Company's future operational and financial conditions being adversely affected.

Accounting Adjustments

The presentation of financial information in accordance with IFRS requires Management to apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the Company's consolidated financial statements. The accounting policies may result in non-cash charges to net earnings and write-downs of net assets in the consolidated financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market and may result in an inability to borrow funds and/or may result in a decline in the Common Share price.

Lower oil and gas prices may increase the risk of write-downs of the Company's oil and gas property investments. Under IFRS, exploration and property and equipment costs are aggregated into groups known as cash-generating units ("**CGUs**") for impairment testing. CGUs are reviewed at each financial reporting date for indicators that the carrying value of the CGU may exceed its recoverable amount. If an indication of impairment exists, the CGU's recoverable amount is then estimated. A CGU's recoverable amount is defined as the higher of the fair value less costs to sell and its value in use. If the carrying amount exceeds its recoverable amount, an impairment loss is recorded to net earnings in the period to reduce the carrying value of the CGU to its recoverable amount. While these impairment losses would not affect cash from operations, the charge to net earnings could be viewed unfavourably in the market.

Forward-Looking Statements and Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements and other future looking financial information. By their nature, forward-looking statements and information involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Touchstone undertakes no obligation to update any forward-looking statement or information to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained herein and in other documents of Touchstone are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for Management to predict all of such factors and to assess in advance the impact of each such factor on Touchstone's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements and information. Additional information on the risks, assumptions and uncertainties are found in this AIF under the heading "*Forward-Looking Statements*".

ADDITIONAL INFORMATION

Additional information regarding Touchstone may be found on SEDAR at www.sedar.com or on the Company's website at www.touchstoneexploration.com. Additional information, including director's and officer's remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under the Company's equity compensation plans are provided in the Company's information circular for the Company's most recent annual meeting of security holders that involved the election of the Board of Directors. Additional financial information is provided in the Company's annual audited consolidated financial statements and the related management's discussion and analysis for the Company's most recently completed financial year.

APPENDIX A

FORM 51-101F2
REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

Terms to which a meaning is ascribed in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities have the same meaning herein.

To the board of directors of Touchstone Exploration Inc. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2020. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2020, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2020, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate – $000's)			
			Audited	Evaluated	Reviewed	Total
GLJ Ltd.	December 31, 2020	Trinidad	-	683,084	-	**683,084**

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.

8. Because the reserves data are based on judgements regarding future events, actual results will vary, and the variations may be material.

Executed as to our report referred to above:

GLJ Ltd., Calgary, Alberta, Canada, March 4, 2021

"Originally signed by"
Trisha S. MacDonald, P. Eng.
Senior Manager, Engineering

APPENDIX B

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Terms to which a meaning is ascribed in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities have the same meaning herein.

Management of Touchstone Exploration Inc. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserves Committee of the Board of Directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary, and the variations may be material.

DATED as of this 4th day of March, 2021

(signed) "*Paul R. Baay*"
President and Chief Executive Officer

(signed) "*James Shipka*"
Chief Operating Officer

(signed) "*Peter Nicol*"
Chairman of the Reserves Committee

(signed) "*Beverley Smith*"
Member of the Reserves Committee

APPENDIX C

Adopted by the Board of Directors on June 3, 2014 and reapproved on March 25, 2021

TOUCHSTONE EXPLORATION INC. AUDIT COMMITTEE MANDATE

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.

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 e-mail;

(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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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) reviewing 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 interim 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 of 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.