Touchstone Exploration Inc.

Annual Information Form

For the year ended December 31, 2021

Dated March 25, 2022

2021 ANNUAL INFORMATION FORM

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CERTAIN DEFINITIONS

The following is a glossary of certain terms used in this Annual Information Form ("**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 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 and restatements 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, 2022 evaluating the oil, natural gas and NGL reserves of the Company as at December 31, 2021;

"**SEDAR**" means the Canadian System for Electronic Document Analysis and Retrieval available through 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 our December 31, 2021 consolidated financial statements, in our accompanying December 31, 2021 Management's discussion and analysis, 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.

NOTES TO READER

Abbreviations and Conversions

In this AIF, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids	
bbl(s)	barrel(s)
bbls/d	barrels per day
Mbbl	thousand barrels
Mbbls/d	thousand barrels per day
NGL(s)	natural gas liquid(s)
Natural Gas	
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
Mcfe	thousand cubic feet equivalent
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MMbtu	million British Thermal Units
Other	
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent
$ or US$	United States of America dollars
$000's	thousands of United States of America dollars

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.290
feet	metres	0.305
metres	feet	3.281
acres	hectares	0.405
hectares	acres	2.471

Conventions and Other Information

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

Unless otherwise specified, information in this AIF is at the end of the Company's most recently completed year, being December 31, 2021.

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 United Kingdom 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, 2022, the closing US$:C$ and US$:TT$ foreign exchange rates were 1.26 and 6.79, respectively.

Foreign exchange rate	Year ended December 31,		
	2021	2020	2019
Highest rate during the period			
US$:C$	1.29	1.45	1.36
US$:TT$	6.83	6.81	6.81
Lowest rate during the period			
US$:C$	1.20	1.27	1.30
US$:TT$	6.76	6.72	6.72
Average closing rate during the period			
US$:C$	1.25	1.34	1.33
US$:TT$	6.79	6.77	6.77
Rate at the end of the period			
US$:C$	1.27	1.27	1.30
US$:TT$	6.79	6.77	6.75

Advisory

References to Touchstone

For convenience, references in this document to the "**Company**", "**we**", "**us**", "**our**", and "**its**" may, where applicable, refer only to Touchstone.

Forward-Looking Statements

Certain information provided in this AIF, including documents incorporated by references herein, 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. Readers are cautioned that the assumptions used in the preparation of such forward-looking statements, although considered reasonable at the time of preparation, may prove to be imprecise, and as such, undue reliance should not be placed on forward-looking statements.

In particular, forward-looking statements contained in this AIF may include, but are not limited to, the Company's internal projections, estimates or expectations with respect to the following:

- 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, including expectations of future growth;
- the potential magnitude of future impacts from the COVID-19 pandemic, its potential effect on crude oil pricing and the Company's future operations;
- future demand for the Company's crude oil, natural gas and NGL products and economic activity in general;
- the magnitude of and ability to recover crude oil, natural gas and NGL reserves;
- the quantity and estimated future net revenue from oil, natural gas and NGL reserves and the projections of forecast prices and costs;
- timing of and the Company's ability to develop unproved reserves;
- the Company's future capital expenditure programs, including the anticipated timing of completion, allocation and costs thereof and the method of funding;
- the Company's estimated timing of development and ultimate production from its Ortoire wells;
- current and future crude oil, natural gas and NGL production levels and estimated field production levels;
- well production testing results, interpretations of wireline logging data and potential future production rates forecasted therefrom;
- the performance characteristics of the Company's oil and natural gas properties;
- 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 third-party facilities and infrastructure;
- expected levels of operating expenses, general and administration expenses, finance expenses and other costs associated with the Company's business;
- the Company's risk management strategy and the future use of commodity derivatives to manage commodity price risk;
- treatment under current and future governmental regulatory regimes, environmental legislation, royalty regimes and tax laws 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, including receiving regulatory approvals related thereto;
- general economic and political developments in Trinidad;
- the Company's expectation of a reduction in 2022 non-audit and non-tax fees;
- estimated amounts, timing and the anticipated sources of funding for the Company's decommissioning liabilities; and
- effect of business and environmental risks on the Company.

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 of which are beyond the Company's control.

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. Forward-looking statements 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. 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 and the Company's future ability to market 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; future operating expenses; receipt of timely regulatory approvals; that the Company will have sufficient cash flow 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.

Management has included the summary of assumptions and risks related to forward-looking statements and other information 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 in this AIF, and accordingly, investors should not place undue reliance on any such forward-looking statements.

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.

Any forward-looking statement is made only as of the date of this AIF, and Touchstone undertakes no obligation to update or revise any forward-looking statement or statements 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 applicable securities laws. New factors emerge from time to time, and it is not possible for Touchstone to predict all of such factors or 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.

All forward-looking statements and information contained in this AIF are expressly qualified by this cautionary statement.

Readers are further cautioned that the preparation of consolidated financial statements in accordance with IFRS requires Management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net earnings (loss), as further information becomes available and as the economic environment changes.

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.

Non-GAAP Financial Measures

This AIF or documents referred to in this AIF make reference to various non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures as such terms are defined in National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure*. Such financial measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar financial measures disclosed by other issuers. Readers are cautioned that the non-GAAP financial measures referred to herein should not be construed as alternatives to, or more meaningful than measures prescribed by IFRS, and they are not meant to enhance the Company's reported financial performance or position. These are complementary measures that are commonly used in the oil and natural gas industry and by the Company to provide Shareholders and potential investors with additional information regarding the Company's performance, liquidity and ability to generate funds to finance its operations. The following is a description of the non-GAAP financial measures disclosed in the AIF.

Operating netback - is a non-GAAP financial measure calculated by deducting royalties and operating expenses from petroleum sales. Operating netback per barrel is a non-GAAP ratio calculated by dividing operating netback by production volumes for the period. The Company uses operating netback as a key performance indicator of field results. The Company considers operating netback to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices and assists Management and investors with evaluating operating results on a historical basis.

Realized sales price per barrel - is a supplementary financial measure comprised of petroleum sales as determined in accordance with IFRS, divided by the Company's total crude oil and NGL sales volumes.

Royalties per barrel - is a supplementary financial measure comprised of royalties as determined in accordance with IFRS, divided by the Company's total crude oil and NGL sales volumes.

Operating expenses per barrel - is a supplementary financial measure comprised of operating expenses as determined in accordance with IFRS, divided by the Company's total crude oil and NGL sales volumes.

For additional information regarding such measures, including reconciliations to the nearest GAAP measures, please refer to the "*Non-GAAP Financial Measures*" advisory section in our Management's discussion and analysis for the year ended December 31, 2021 accompanying our most recent audited financial statements which are available on our website (www.touchstoneexploration.com) and under our SEDAR profile (www.sedar.com).

Oil and Natural Gas Measures

Touchstone has adopted the standard of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. **A boe conversion ratio of six Mcf per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.**

Oil and Natural Gas Metrics

This AIF contains certain oil and gas metrics, including operating netback, 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.

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

Oil and Natural Gas Production Test Results

Any references in this AIF to ongoing and/or final production test 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.

TOUCHSTONE EXPLORATION INC.

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 Touchstone Exploration Inc.; and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc.

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

Business of the Company

The Company, through its subsidiaries, is an oil and natural gas exploration and production company active in the Republic of Trinidad and Tobago. Touchstone is currently 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.

Our strategy is to leverage Canadian experience and capability to international onshore properties to create Shareholder value. Outside of our core Trinidad portfolio, we will continue to examine opportunities in jurisdictions that have stable political and fiscal regimes coupled with large defined petroleum initially-in-place.

Intercorporate Relationships

As of the date of this AIF, 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.

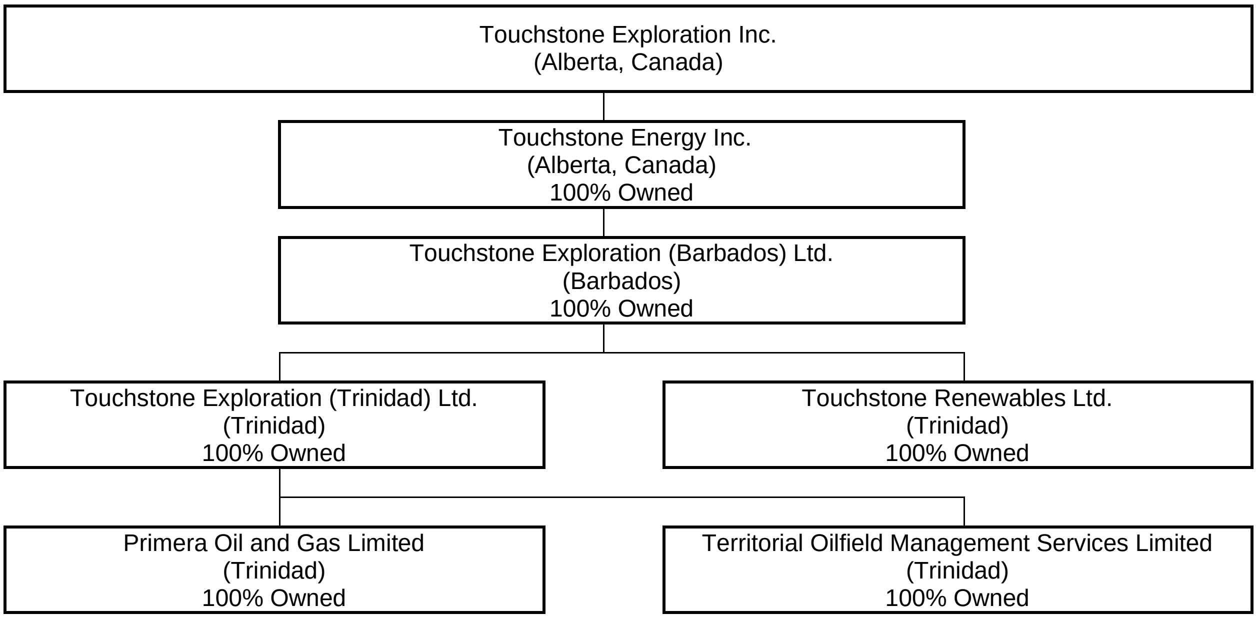
The following table sets forth, as of the date hereof, the name of each subsidiary, the jurisdiction of incorporation, the percentage of voting shares held, and business conducted by each subsidiary.

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:



Touchstone's organizational structure facilitates our business as a multi-jurisdictional company whose operations are located outside of Canada. We currently have three subsidiaries active in oil and gas operations in Trinidad. All of our 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, we employ knowledgeable people and engage advisors in each country where we operate to review and comment on the organizational and income tax structure as appropriate.

General Development of our 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, 2019, 2020 and 2021. For a more detailed description of our business and operations, see "*Description of Our Business and Operations*" in this AIF.

Significant Acquisitions

We did not complete any significant acquisitions during any of the years ended December 31, 2019, 2020 or 2021.

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 Touchstone 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 under our SEDAR profile (www.sedar.com).

Touchstone's Activities in Canada

Subsequent to the Touchstone Arrangement, we focused on transitioning our 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, we divested the majority of our Canadian producing properties in 2015 and early 2016, thereby ceasing oil and gas operations in Canada.

Touchstone's Activities in Trinidad

Subsequent to the Touchstone Arrangement, we have been actively engaged in the development and exploration of our onshore crude oil and natural gas properties in Trinidad.

Admission to AIM and Private Placements

On June 26, 2017, Touchstone Exploration Inc. completed an admission and listing on the AIM market of the London Stock Exchange. In conjunction with the AIM admission, we 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 our 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 our business during the last three financial years.

Developments in 2019

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

- Averaged annual crude oil sales of 1,825 bbls/d.
- Executed a $10.1 million exploration program to drill two gross (1.6 net) successful wells.
- Realized an operating netback of $26.61 per barrel.
- Reported funds flow from operations of $6.8 million.
- Recognized a net loss of $5.6 million ($0.04 per basic share) driven by $7.6 million in property, plant and equipment impairments recorded in the year.

Our February 2019 United Kingdom based private placement raised net proceeds of $4.5 million which funded two gross exploration wells (1.6 net) on our Ortoire property. The first well, Coho-1, had an encouraging natural gas production test. We completed drilling the second Ortoire exploration prospect, Cascadura-1ST1, in December 2019, with production testing conducted in February and March 2020 confirming a substantial liquids-rich natural gas discovery.

Developments in 2020

In 2020 we successfully accessed capital markets to continue our Ortoire exploration program, raising total net proceeds of $39.3 million from two oversubscribed equity financings. Operational and financial highlights for the year ended December 31, 2020 were as follows.

- Averaged annual crude oil sales of 1,392 bbls/d, a 24 percent decrease relative to the 1,825 bbls/d produced in 2019 based on natural declines and limited development capital investment.
- Executed a $17.9 million exploration program, primarily focused on drilling two gross (1.6 net) wells.
- Generated funds flow from operations of $0.3 million and an operating netback of $14.49 per barrel based on a 34 percent decline in crude oil pricing from 2019.
- Recognized a net loss of $11.0 million ($0.06 per basic share) driven by $11.4 million in net impairment losses recorded in the year predominantly based on lower forecasted crude oil pricing.

On June 15, 2020, Touchstone Trinidad entered into a $20 million, seven-year term credit facility arrangement with a Trinidad-based financial institution. On closing, Touchstone Trinidad withdrew $15 million to satisfy Touchstone Exploration Inc.'s obligations relating to prepaying its C$20 million term loan. On November 27, 2020, the parties executed an amending agreement to the Loan Agreement, allowing Touchstone Trinidad to repay $7.5 million of the $15 million principal balance on December 15, 2020.

On December 22, 2020, Ms. Beverley Smith was appointed to our Board of Directors. Through her extensive international oil and natural gas industry experience, Ms. Smith brought further corporate governance expertise to our Board with a proven track record of improving risk management capabilities, environmental, social and governance ("**ESG**") frameworks, and ensuring accountability and transparency. Upon appointment to the Board, Ms. Smith was appointed to our Board's Compensation and Governance and Reserves Committees.

Developments in 2021

Operational and financial highlights for the year ended December 31, 2021 were as follows.

- Achieved average daily crude oil sales of 1,342 bbls/d in 2021, a nominal 4 percent decrease relative to the 1,392 bbls/d produced in 2020.

- Executed an incident free $20.1 million exploration program on our Ortoire block, primarily focused on drilling one gross (0.8 net) well, acquiring 22-line kilometres of 2D seismic and testing two exploration wells drilled in 2020.
- Development capital expenditures of $7.8 million focused on exporting a third-party drilling rig to Trinidad, which was used to drill three development wells in the fourth quarter of 2021, representing our first infill development drilling since 2019.
- Generated funds flow from operations of $4.1 million and an annual operating netback of $26.55 per barrel.
- Recognized net earnings of $5.7 million ($0.03 per basic and diluted share), driven by $13.7 million in net impairment reversals recognized in the year predominantly based on increased forecasted crude oil pricing which were partially offset by an associated deferred income tax expense of $7.5 million.
- Entered into revised ten-year lease operating agreements for our Coora-1, Coora-2, WD-4 and WD-8 blocks through December 31, 2030.

On December 21, 2021, Touchstone Trinidad and its lender entered into an amended and restated Loan Agreement providing for a $10 million increase in the principal balance to $30 million. The amendment did not amend any other terms of the prior loan agreement. On December 30, 2021, we withdrew an additional $15 million on the credit facility, resulting in the full principal balance of $30 million outstanding. The expanded facility proceeds are expected to be used to fund our budgeted Ortoire facility projects in 2022.

On March 25, 2021, we created the Health, Safety, Social and Environmental Committee ("**HSSE Committee**") of our Board to which the Board has delegated its responsibility for: (a) oversight of climate-related and other sustainability-based risks and opportunities by reviewing, reporting and making recommendations to the Board on the development, implementation and monitoring of our policies, procedures, practices and strategies with respect to climate-related issues and sustainability; and (b) oversight of our business to assist us in conducting our business in a socially responsible, ethical and transparent measure that includes engagement, respect and support for the communities where we operate, among other related responsibilities.

On December 29, 2021, we published and posted to our website our inaugural 2020 sustainability report ("**2020 Sustainability Report**"), which outlined our progress and initiatives on ESG practices.

In December 2021 we established a second Trinidad office in Rio Claro, primarily to serve our Ortoire field and administrative activities.

We expect no material changes to our current business in the 2022 financial year, with our near-term priority to bring our Coho and Cascadura discoveries on the Ortoire block onto production.

Description of Our 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. Our business plan is to deliver long-term profitable growth to our Shareholders under varying business conditions. Our development plan is strategically balanced between increasing base crude oil production levels, bringing our Ortoire natural gas discoveries onstream and proceeding with our Ortoire exploratory activities.

Principal Properties and Licences

We hold 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 schedule of our core Trinidad property interests as of December 31, 2021 is set forth below.

Property	Working interest (%)	Licence type	Gross acres[(1)]	Net acres[(2)]
Developed				
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
Barrackpore	100	Private	211	211
Fyzabad	100	Crown	94	94
Fyzabad	100	Private	470	470
Ortoire - Coho	80	Crown	1,317	1,054
San Francique	100	Private	1,277	1,277
	96		**6,418**	**6,155**
Exploratory				
Ortoire	**80**	Crown	**43,414**	**34,731**
Total	**82**		**49,832**	**40,886**

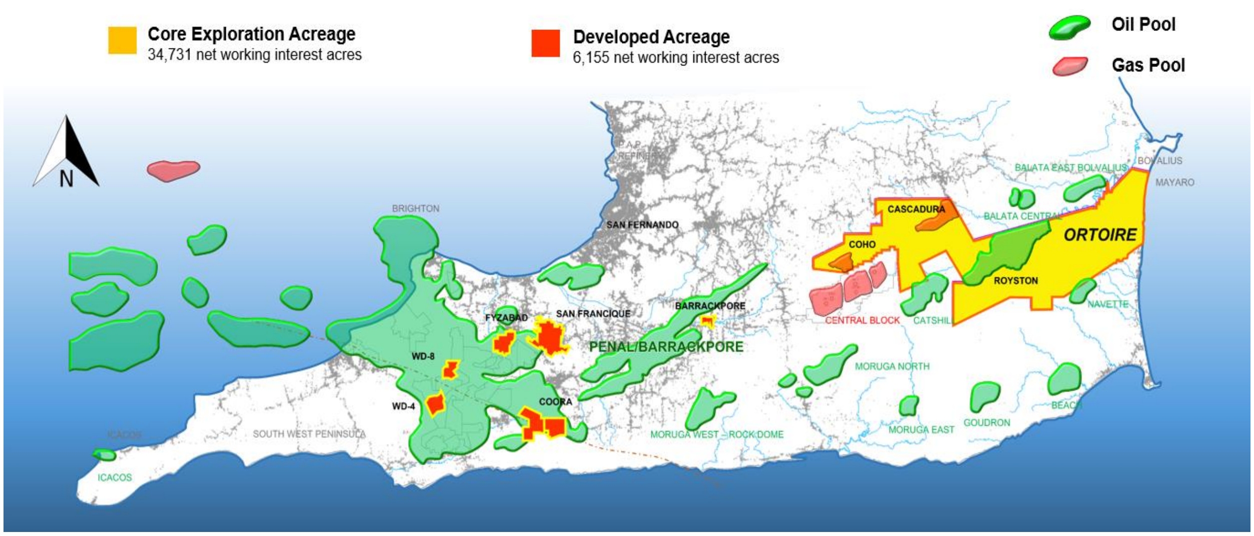
Notes:
(1) Gross means acres in which the Company has an interest.
(2) Net means the Company's interest in the gross acres.

Canadian Operations

Our 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 evaluated crude oil and natural gas reserves associated with the Company's remaining Canadian assets, which represent 3,898 gross and net acres of undeveloped land in the Luseland area of Saskatchewan.

Trinidad Operations

Through our indirect wholly owned subsidiary Touchstone Trinidad, we are actively engaged in the development and exploration of our onshore oil and natural gas properties located in southern Trinidad. With interests in approximately 41,000 net working interest acres of core exploration and development rights, Touchstone is one of the largest independent onshore oil producers in Trinidad.



We operate Trinidad-based upstream oil and natural gas activities under a combination of lease operatorship agreements ("**LOAs**") with Heritage, state exploration and production licences with the MEEI, and private subsurface and surface leases with individual landowners. The LOAs contain marketing arrangements, whereas any oil sold from MEEI licences and private agreements are marketed under a separate Heritage crude oil sales agreement.

Core crude oil producing properties

Our core crude oil producing properties are governed by LOAs with Heritage, where Touchstone Trinidad operates the fields on a 100 percent working interest basis on behalf of Heritage. Details with respect to these producing properties are noted below.

Coora

The Coora blocks are administered by two Heritage LOAs (Coora-1 and Coora-2) which consist of an aggregate 1,699 acres. On a combined basis, the property currently has 119 producing and 106 non-producing wells (net). Both blocks produce crude oil out of the Forest and Cruse Formations at average well depths 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, 2021. 2021 daily crude oil sales averaged 440 bbls/d (2020 - 427 bbls/d).

WD-4

Our 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 currently has 41 producing wells and 18 non-producing wells (net). The wells produce from both the Forest and Cruse Formations at average well depths of 6,600 feet. We have drilled nine net wells since acquiring the property through December 31, 2021. The block produced a daily average of 511 bbls/d of crude oil in 2021 (2020 - 535 bbls/d).

WD-8

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 75 of 110 wells (net) from both the Forest and Cruse Formations at average well depths of 3,500 feet. Since the block was acquired by Touchstone in July 2010, 25 net wells have been drilled as of December 31, 2021, with 2021 daily average production of 202 bbls/d (2020 - 257 bbls/d).

Exploration properties

We have 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. The Company's core exploration focus is the Ortoire exploration block. We executed a long-term natural gas sales agreement with NGC related to all future natural gas sales from our Ortoire property in December 2020.

Ortoire

Effective October 31, 2014, POGL entered into an 80 percent operating working interest in the Ortoire Licence with the MEEI and Heritage, with Heritage holding the remaining 20 percent working interest. The Ortoire Licence was originally 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 main Trinidad office in Fyzabad and covers approximately 44,731 gross acres (35,785 net). In March 2021, the Ortoire Licence was amended by the parties to extend the initial exploration period an additional nine months through July 31, 2021, during which we completed all required exploration minimum work commitments.

In March 2022 we were notified by the MEEI that the Trinidad government approved an extension of the exploration period of the Ortoire Licence to July 31, 2026. As part of the extension, we are required to drill three additional exploration wells to minimum depths of 6,000 true vertical feet prior to the end of the amended Ortoire Licence term. Similar to the initial minimum work program, we will be responsible for 100 percent of the drilling, completion and testing costs for the three additional wells. Each party to the Ortoire Licence remains responsible for its working interest costs associated with the development of commercial fields, including expenditures relating to facilities construction and development well drilling.

The Ortoire Licence extension will allow us to continue exploration operations on acreage that have not yet been approved as commercial, and no acreage was surrendered pursuant to the extension. The Ortoire Licence amendment agreement is currently required to be approved by the Office of the Attorney General and Ministry of Legal Affairs prior to execution by all parties.

Touchstone has conducted exploration activities in four areas within the Ortoire Licence to date: Coho, Cascadura, Chinook and Royston.

Coho

Our Coho-1 exploration well was spud on August 7, 2019 and was drilled to a total depth of 8,560 feet. Production testing occurred in the fourth quarter 2019, with an average gross rate of 11.6 MMcf/d (1,925 boe/d) recorded during the final 24-hour extended flow test. Analysis of the pressure build-up 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).

In February 2021, the MEEI approved our field development plan for the Coho area, which extends the exploration and production period for the defined 1,317-acre area through October 31, 2039.

Touchstone received a Certificate of Environmental Clearance in January 2021 regarding pipeline and facility operations to tie in the field to the third-party Central block Baraka natural gas processing plant. Touchstone has substantially completed the Coho-1 surface facility, and all of the required agreements with our third-party partners to allow for the final tie-in of the Coho gas field have been executed. Pipeline installation operations have commenced with first gas anticipated in May 2022 subject to weather delays.

Cascadura

The Cascadura-1ST1 exploration well was sidetracked and drilled in the fourth quarter of 2019 to a total depth of 6,350 feet with two production tests conducted in the first quarter of 2020. The second interval of the well evaluated 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. Analysis of the pressure build-up data supported 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 this upper interval.

The Cascadura Deep-1 well was drilled in the fourth quarter of 2020, with completion and testing operations occurring in March and April of 2021. The well was completed over a 199-foot-thick interval in Sheet Four of the overthrust Herrera Formation, with an average flowback rate during the extended 24-hour test period of approximately 4,262 boe/d, including 22.9 MMcf/d of natural gas and 449 bbls/d of NGLs. Following a four-week pressure build-up test, no physical boundaries were observed, and the data suggested the well can potentially have initial flow rates consistent with those observed during testing.

Touchstone has submitted a declaration of commerciality and field development plan to the MEEI for the Cascadura gross 2,378-acre area. Upon expected approval, the licence area defined by the MEEI will be extended to October 31, 2039.

We have completed the design of the surface facilities required to meet the initial and long-term production capabilities of the Cascadura-1ST1 and Cascadura Deep-1 exploration wells. The Cascadura surface facility is designed with a maximum production capacity of 200 MMcf/d of natural gas and 5,000 bbls/d of

NGL production from both existing wells and any potential production from the expected future development of the Cascadura B and C locations. Further, the project includes an 8.3-kilometre liquids pipeline that runs south from the surface facility to the Heritage Catshill manifold. The facility is proceeding with the major facility components nearing completion for transportation to Trinidad. The components will be delivered on skids and will be assembled in the field by local contractors.

In parallel with the facilities procurement and construction, we have submitted the required regulatory environmental application and expect to receive a response on or before mid-May 2022. Upon approval, we expect to immediately proceed with construction of the surface facility, as well as required road construction and the construction of future development drilling locations.

Chinook

The Chinook-1 exploration well was drilled in the second half of 2020, with four subsequent production tests suggesting the various reservoirs tested in the well contained hydrocarbons that are uneconomic to produce. However, seismic data and offsetting well data indicate future drilling opportunities in the area that are geologically situated up structure from the Chinook-1 well. We have submitted a notification of commercial potential for the Chinook area to the MEEI and are currently drafting declaration of commerciality and comprehensive field development submissions.

Royston

The Royston-1 exploration well was drilled in the third quarter of 2021 to a total depth of 10,700 feet, representing the deepest exploration well drilled by Touchstone to date. We commenced a long-term production test of the uppermost 84 feet of the Herrera overthrust section in January 2022 with the goal of evaluating different flowing regimes and possible pump configurations to maximize oil production. While conducting the test, approximately 2,200 feet of pipe and perforating guns were stuck in the bottom portion of the well, not allowing any further testing of the deeper zones. Despite these constraints, the well has continued to deliver both pumping and flowing volumes from the uppermost 84 feet.

Combined with the previous test in the intermediate zone, the well has shown that the completed intervals are capable of producing over 675 bbls/d of crude oil. Produced oil is being sold in 2022 at our Barrackpore sales facility, and we anticipate continuing the extended production test until the commencement of future drilling operations at Royston.

We completed our 2D seismic program work commitment in the Royston area in the third quarter of 2021. Four northwest to southeast oriented lines were acquired totalling 22 kilometres in length. The Ortoire 2D seismic dataset was processed with an overlap of the Rio Claro block 2D lines, which produced a high-quality merged product with signal to noise ratios up to four times better than previous 2D surveys completed in Trinidad. Seismic products have been interpreted at both the Mid Miocene and Cretaceous intervals, producing higher resolution structural maps with a greater degree of confidence over the Royston, Steelhead and Bass structures at Mid Miocene, and over the Kraken prospect at the Cretaceous level.

Operating Agreements

MEEI exploration and production licences

The Company is party to exploration and production licences with the MEEI for our Fyzabad producing properties and our Cory Moruga and Ortoire exploration fields. The licences typically are for an initial six-year term, with the option to extend certain acreage a further 19 years upon an approved commercial discovery. Our Fyzabad exploration and production licence contains no minimum work obligations and expires in August 2032. We hold a non-operating 16.2 percent interest in the Cory Moruga exploration block which is considered non-core. Our core focus is the Ortoire exploration block (refer to "*Description of Our Business and Operations - Exploration properties*").

Lease operatorship agreements

In June 2021, Touchstone Trinidad executed ten-year LOAs with Heritage for the Coora-1, Coora-2, WD-4 and WD-8 blocks effective January 1, 2021. The LOAs were renewed under substantially similar terms to the previous arrangements.

Under the new arrangements, we are subject to annual minimum production levels and minimum work commitments from 2021 through 2030 specified under each LOA. Failing to reach either the annual minimum production levels or complete the annual minimum work obligations will not constitute a breach provided the minimal production levels have been attained or the minimum work obligations have been completed, as the case may be. The LOAs contain an aggregate minimum of 20 new infill wells and 40 well recompletions to be completed over the ten-year licence periods.

Touchstone Trinidad satisfied all of its minimum work obligations for the 2021 year and is required to drill four development wells and perform five heavy workovers in the 2022 financial year (refer to "*Description of Our Business and Operations - Summary of Commitments*").

Private lease agreements

Touchstone may also negotiate private surface and subsurface lease arrangements 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 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, 2021, production volumes produced under expired private lease agreements represented 1.9 percent of our total production (2020 - 1.8 percent).

Crude oil marketing agreements

On January 14, 1974, Premier Consolidated Oilfields Limited, POGL's predecessor in interest, and Texaco Trinidad Inc., Petrotrin's predecessor, entered into a Crude Oil Purchase Agreement whereby Texaco Trinidad Inc. committed to purchase all 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$. In January 2022, the parties executed a letter agreement to sell testing production volumes produced from the Royston-1 exploration well under similar terms and conditions.

Natural gas sales contract

On December 18, 2020, NGC and POGL executed a natural gas sales agreement for all future natural gas production from our 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. POGL 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 are expected to be marketed by POGL under a separate arrangement.

Property Dispositions

In 2021 we executed sale and purchase agreements with a third party to dispose of the New Dome, Palo Seco and South Palo Seco properties for aggregate consideration of $350,000, subject to customary closing adjustments. The New Dome and South Palo Seco properties are governed under farmout operating agreements between Touchstone Trinidad and Heritage. The Palo Seco property is held by POGL and is governed by an expired MEEI exploration and production licence. The transactions were effective December 31, 2021 and remain subject to standard regulatory approvals. We consider the properties to be non-core due to the associated decommissioning obligations, operating expenses that were substantially higher than our corporate average and limited scalability. The properties generated nominal operating netbacks and contributed an average of 25 bbls/d of crude oil sales during the year ended December 31, 2021 (2020 - 31 bbls/d).

Summary of Commitments

We have minimum work obligations under various operating agreements with Heritage, exploration commitments under the Cory Moruga and Ortoire block exploration and production licences with the MEEI, and various lease commitments for office space and equipment. The following table sets forth our estimated minimum contractual payments as of December 31, 2021.

($000's)		Estimated payments due by year			
	Total	**2022**	**2023**	**2024**	**Thereafter**
Operating agreement commitments					
Coora blocks	**14,323**	5,356	88	2,743	6,136
WD-4 block	**4,808**	39	41	1,406	3,322
WD-8 block	**4,845**	71	73	1,403	3,298
Fyzabad block	**835**	28	76	78	653
Cory Moruga exploration block	**1,293**	94	99	105	995
Ortoire exploration block	**4,426**	313	647	686	2,780
Office and equipment leases	**874**	432	102	102	238
Minimum payments	**31,404**	**6,333**	**1,126**	**6,523**	**17,422**

Under the terms of our Heritage operating agreements, we are required to fulfill minimum work obligations on an annual basis over the specific licence term. With respect to these obligations, as of December 31, 2021, we had four development wells and five heavy workover commitments to perform in 2022.

Our Cory Moruga work commitment disclosed herein represent financial obligations related to our non-core 16.2 percent working interest in the field (representing 1,206 net acres). The operator of the licence is discussing investment alternatives with the MEEI, which may include licence relinquishment.

As of December 31, 2021, we completed all of our minimum work commitment obligations pursuant to our Ortoire Licence. Subsequent to year-end, we were notified that the Trinidad government approved an extension to the exploration phase of our Ortoire Licence to July 31, 2026. Upon execution, Touchstone will be required to drill three exploration wells prior to the end of the amended term which are excluded from the table above.

Decommissioning Liabilities and Abandonment Fund

Environmental stewardship is a core value at Touchstone, and abandonment and reclamation activities are made in a prudent, responsible manner with the oversight of the Board and in accordance with local regulations. Our 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, we are 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.

With respect to decommissioning liabilities associated with our LOAs with Heritage, we are obligated for our proportional cost of all abandonments defined as our percentage of crude oil sold in a well in comparison to the well's cumulative historical production. Touchstone is not responsible for the decommissioning of existing infrastructure and sales facilities. We are required 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 our total abandonment liability. If our liability exceeds the well abandonment fund, we are obligated to pay the difference. Conversely, if the proceeds of the fund exceed the liability, the surplus shall be returned to Touchstone.

Pursuant to our Heritage operating agreements, we fund 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 our future well abandonments, the payments are included in operating expenses as incurred. Additionally, we are further 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 field and are expensed to operating expenses as incurred.

Touchstone is responsible for all site restoration, well abandonment costs and removal of infrastructure and facilities used in petroleum operations conducted on our private production and exploration agreements.

Based on December 31, 2021 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 $13.7 million ($15.9 million on an inflation adjusted basis). For consolidated financial statement purposes, as of December 31, 2021, the Company calculated the inflation adjusted discounted Trinidad decommissioning liabilities to be $10.0 million. The decommissioning obligation was estimated based on the Company's net ownership in all wells and applicable facilities and included assumptions in respect of actual costs to abandon wells or reclaim a property, the time frame in which such costs will be incurred, historical well production and annual inflation factors. See "*Risk Factors*" in this AIF. Further information regarding decommissioning liabilities for the years ended December 31, 2021 and 2020 are included in Note 14 "*Decommissioning Liabilities and Abandonment Fund*" to our consolidated financial statements for the year ended December 31, 2021, which is available on our website (www.touchstoneexploration.com) and under our 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 our exploration, development and production of hydrocarbons, we utilize the expertise of geophysicists, geologists, petroleum engineers and other local and international advisors. We may face challenges in attracting and retaining employees, consultants and advisors to meet these needs. See "*Risk Factors*" in this AIF for further information.

Competitive Conditions

There is considerable competition in the worldwide oil and natural gas industry, including in Trinidad and Canada where our assets, activities, and employees are located. Operators more established than us, 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. We strive to be competitive by maintaining financial flexibility and by utilizing current technologies to enhance optimization, development and operational activities. See "*Risk Factors*" in this AIF for further information.

Cyclical Nature of our Business

Our 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 geopolitical and general economic conditions, as well as conditions in other oil regions and the continuing effects of COVID-19 on global crude oil demand. Further, our realized crude oil price is based on quality differentials and international marketing arrangements and therefore are attributed to factors that are beyond our control. Any decline in crude oil prices could have an adverse effect on our financial condition.

Touchstone maintains a risk management strategy to protect funds flow from operations from the volatility of commodity prices. Our strategy focuses on the periodic 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. Additionally, we continually review our capital program and implement initiatives to adapt to such price changes. See "*Risk Factors*" in this AIF for further information.

Risks of Foreign Operations

All of our oil and natural gas operations occur outside of Canada and therefore are subject to political and regulatory risks in those jurisdictions. To date we have concentrated a substantial number of our activities and resources to Trinidad, and we expect our short-term 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 our best interest. All of our current oil and natural gas operations are therefore subject to political and regulatory risk in foreign jurisdictions. In addition, we have implemented an Anti-Bribery and Anti-Corruption Policy in accordance with Canadian, United Kingdom, and Trinidadian law. See "*Risk Factors*" in this AIF for further information.

Trinidad Economic Dependence

We hold the majority of our oil and natural gas interests indirectly through government-issued exploration and production licences with the MEEI and sub licence contracts such as LOAs with Heritage. These licences and agreements permit 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 our indirect interest therein. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, we 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, over-riding royalties, abandonment fund payments, reimbursements and charges as well as defined contributions under the applicable head licence. All liquids 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. We are further exposed to sole purchaser risk as NGC is the sole purchaser of future natural gas production. In addition, we have not entered into any definitive marketing arrangements for future sales of NGLs.

Our ability to market our crude oil, natural gas and NGLs depends upon numerous factors beyond our 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, we could be unable to market all of the crude oil and natural gas we produce and we may be unable to obtain competitive prices for the crude oil and natural gas we produce.

Renegotiation or Termination of Contracts

As at the date of this AIF, we do not anticipate that any aspect of our business will be materially affected in the remainder of 2022 by the renegotiation or termination of contracts or subcontracts.

Employees

As of December 31, 2021, we employed 78 full-time-equivalent employees in Trinidad and 17 full-time-equivalent employees at our Canadian head office (2020 - 76 and 16, respectively). 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 our future operational and administrative demands.

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 our Business - Significant Acquisitions*" for further details regarding the 2014 Touchstone Arrangement.

Ongoing Acquisition and Disposition Activities

Potential acquisitions

We evaluate potential acquisitions of all types of oil and natural gas and other energy related assets as part of our ongoing asset portfolio management. We may be in the process of evaluating several potential acquisitions at any one time which individually or together could be material, and it is in the normal course of our business to routinely consider offers on properties or acquisitions that fit within our business objectives. Further, we may also examine opportunities in other international jurisdictions. See "*Risk Factors*" in this AIF for further information.

Potential dispositions

We evaluate potential dispositions of our oil and natural gas assets as part of our ongoing asset portfolio management. In addition, we evaluate potential farm-out opportunities with other industry participants in respect of our oil and natural gas assets in circumstances where we believe it is prudent to do so based on, among other things, our capital program, development plan timelines, current liquidity and the risk profile of such assets. We may be in the process of evaluating several potential dispositions of our assets and farm-out opportunities at any one time, which individually or together could be material.

Our Vision and Values

We maintain a vision and values statement that sets out our corporate responsibility commitments on environmental sustainability, health, safety and public engagement in those areas where we operate, all within the context of business integrity. The Board and Management view that the following vision and values statement encourages and promotes a culture of ethical business conduct with a focus on ESG initiatives.

Our Vision

Our purpose is to maximize Shareholder value through producing economic and sustainable energy from international onshore assets by striving to ensure that ESG standards are embedded in our values and priorities.

Our Key Values

Honesty and Integrity

- We conduct ourselves with honesty and integrity by being transparent, ethical, respectful and timely.
- We are committed to all our stakeholders and work to enhance the local communities involved in our daily operations.

Safety and Environment

- We operate in a manner that ensures the safety of all our stakeholders, including employees, contractors and the public.
- When a conflict arises between safety and production, we empower our employees to choose safety.
- We strive to operate in an environmentally responsible manner to reduce our environmental footprint and aim for continuous improvement.

Respect, Empowerment and Accountability

- We act as Shareholders and are accountable for our actions.
- We provide an inclusive work environment that is enjoyable and respectful to all.
- We provide learning opportunities and challenges to employees to foster growth.
- We conduct our business that encourages new thoughts and ideas.

Environmental Polices and Sustainability

We are committed to managing and operating in a safe, efficient, environmentally responsible manner in association with our partners and are committed to continually improving our ESG and health performance while having a positive influence on the communities impacted by our operations.

We operate 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 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 natural 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. See "*Industry Conditions - Environmental Regulations*" in this AIF for further information.

Environmental stewardship is a core value at Touchstone, and we are focused on reducing the environmental footprint of our exploration and production operations by continuously monitoring our 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. We believe we use best environmental practices in the planning, design, and implementation of exploration programs and crude oil and natural gas production. Our main environmental strategies include the preparation of comprehensive environmental impact assessments and creating all encompassing environmental management plans. 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 continually met in Trinidad. We maintain an active comprehensive integrity monitoring and management program for our 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 implemented and utilized to restore the environment.

We believe that we meet all existing environmental standards and regulations and include sufficient amounts in our operating and capital expenditure budget to continue to meet current environmental protection requirements. These requirements apply to all operators in Trinidad oil and natural gas industry; therefore, it is not anticipated that our competitive position within the domestic industry will be adversely affected by changes in applicable legislation. We have internal procedures designed to ensure that detailed due diligence is conducted to assess environmental liabilities and regulatory compliance are completed prior to proceeding with new acquisitions and developments. However, the oil and natural gas 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 and financial position in the future. See "*Risk Factors*" in this AIF for further information.

Environmental regulations and the procurement of the necessary approvals have resulted in past capital project delays, which we have forecasted to have a significant financial effect on the Company's net earnings. We are currently seeking an environmental impact assessment on the Cascadura area from the Trinidad Environmental Management Authority ("**EMA**"), and any delay in receiving the approval will delay the construction of the surface facility and forecasted cash flows therefrom. 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 and will not prioritize financial results over the environment.

We expect to incur abandonment and site reclamation costs as existing oil and natural gas properties are abandoned and reclaimed (refer to "*Description of Our Business and Operations - Decommissioning Liabilities and Abandonment Fund*" herein). In 2021, expenditures for normal compliance with environmental regulations were not material, and expenditures for the Cascadura environmental impact assessment were approximately $0.3 million.

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 HSSE Committee and Board on at least 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, 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.

Our Board provides oversight of ESG matters and may delegate its duties to and receive reports and recommendations from any Board committees. The Board committees and Management monitor and assess Touchstone's practices and internal controls ensuring that the Company's overall approach and direction are within the Company's ESG framework. In 2021, we published our inaugural 2020 Sustainability

Report in accordance with sustainability reporting standards which documented our assessment of risks, opportunities, progress and challenges as they relate to sustainability issues. The content, scope and methods used in our annual sustainability disclosures follow the guidelines set forth by the Sustainability Accounting Standards Board, the Task Force on Climate-related Financial Disclosures and the Global Reporting Initiative Sustainability Reporting Standards. We believe that sustainability is a multidisciplinary focus that balances economic growth, environmental stewardship and social responsibility. We will continue to increase our transparency of our sustainability efforts to ensure the ongoing accountability and productivity of our business.

2020 ESG achievements noted in our 2020 Sustainability Report were as follows:

- committed to having zero produced water released into the environment from 2023 onward;
- established a greenhouse gas emissions baseline from which we can continue to minimize our environmental footprint;
- achieved zero employee incidents, confirming our dedication to safety;
- adapted our operations quickly during the COVID-19 pandemic while ensuring the well-being of our employees and supporting residents within the communities we operated;
- initiated our HSSE Committee of the Board mandating specific ESG and sustainability responsibilities; and
- updated our director skill matrix to include new skill attributes of ESG and sustainability experience to ensure we have the appropriate experience to monitor and continuously improve our ESG practices.

Our 2020 Sustainability Report, which we consider a baseline for continued improvement, is available on our website (www.touchstoneexploration.com). See "*Risk Factors*" herein for a discussion with the risk factors involved on our ESG related targets.

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. We anticipate 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 our financial condition, capital expenditures, results of operations, competitive position or prospects. See "*Risk Factors*" in this AIF for further information.

Social Policies

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.

We are committed to cultivating the wellbeing of the communities where we operate. We recognise that the local community is an important stakeholder group where we conduct our operations and that the ultimate success of our operations means creating shared benefits with surrounding communities. We have established policies and practices that complement our basic responsibilities as a development tool for local communities in Trinidad. Our social responsibility strategy aims at creating local employment opportunities and providing industry education and health training programs. Through investing in environmental and social initiatives, we aim to support the communities by setting goals that promote sustainable development.

We are proactive in our communications with the local communities where we are actively exploring or developing projects. Our 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 our core values and beliefs. Community involvement embodies our core corporate values and beliefs, and it supports causes that contribute positively to the quality of life in members of the communities where we operate. See "*Risk Factors*" in this AIF for further information.

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 (see the "*Forward-Looking Statements*" advisory section herein).

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 energy 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 2021 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, 2020. The country produced an average of 76,000 barrels of crude oil per day and a total of 29.5 billion cubic metres of natural gas in 2020 (2019 - 82,000 and 34.6, respectively). The country has developed significant infrastructure in support of the energy industry and in 2020 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 NGLs. 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 2019 report. In the World Bank Group'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. During 2016 to 2019, the economy experienced a deep recession driven by energy supply and price shocks, which weakened domestic demand and adversely impacted the country's fiscal position.

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 since been exported for processing at international facilities, and refined petroleum products continue to be imported for domestic sales and distribution.

The combined effects of COVID-19 and energy production and price shocks pushed the Trinidad economy further into a recession. Energy production declined significantly in 2020 and further into 2021 due to unanticipated maintenance of some energy facilities and the closure of several petrochemical plants. Combined with weaker global demand and the drop in energy prices in 2020, these factors substantially lowered energy exports and fiscal revenues. Headline inflation fell while labour market conditions weakened considerably, causing an upsurge in retrenchments, temporary layoffs, and a reduction in working hours and labour force participation.

The Central Bank of Trinidad and Tobago reported that real GDP contracted at a pace of 7.4 percent in 2020 reflecting a significant 12.2 percent decline in the energy sector, while the non-energy sector fell by 4.9 percent. The International Monetary Fund ("**IMF**") forecasts a further real GDP contraction of 1.0 percent in 2021 due to the continued disruption to natural gas production, the closure of petrochemical plants and a delayed economic reopening caused by a prolonged second wave of COVID-19. Weak domestic demand lowered headline inflation to 0.8 percent in 2020, but the recent surge in international food and energy prices increased inflation to 3.9 percent in October 2021.

Trinidad's fiscal position worsened significantly during 2021 due to lower energy proceeds and outlays to mitigate the pandemic. The fiscal deficit widened to 11.6 percent of GDP in 2020 and remained elevated at 10.1 percent of GDP in 2021, mainly due to weak revenue performance. Fiscal financing was obtained by additional bond placements, withdrawals from the sovereign Heritage Stabilization Fund, and borrowing from international financial institutions. As a result of large deficits and its GDP contraction, Trinidad central government debt increased from 45.4 percent of GDP in 2019 to 65.9 percent of GDP in 2021. Notwithstanding the increased financing needs, at the end of September 2021, the country's Heritage Stabilization Fund assets were valued at US$5.6 billion (representing approximately 26 percent of GDP).

The IMF predicts a strong economic recovery in 2022, assuming the domestic spread of COVID-19 remains moderately contained and global activity resumes gradually. Real GDP growth in 2022 is expected at 5.5 percent, reinforced by the Government's continued policy support and the anticipated recovery in oil and gas production. With demand pressures contained, inflation in 2022 is projected at approximately 2.8 percent. The fiscal deficit is expected to decline to 7.5 percent of GDP in 2022, reflecting a combination of higher government revenue and modest spending cuts.

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 US$/TT$ exchange rate averaged 6.67 in 2016 but has since increased to 6.79 in 2021. While the foreign reserves position weakened over the abovementioned period, it is still considered to be healthy, as official international reserves were estimated at US$6.8 billion at the end of 2021 compared to $6.95 billion at the beginning of the year.

Royalties

The following is a discussion of the royalty regime affecting the Company as of December 31, 2021.

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.

In June 2021, we executed ten-year LOAs with Heritage for our Coora, WD-4 and WD-8 blocks which included favourable long-term royalty rate adjustments. In addition to the crown royalty rate of 12.5 percent, the LOAs apply a sliding scale overriding royalty ("**ORR**") structure, which is indexed to the average price of oil realized in a production month. Base ORR rates are applicable to pre-defined monthly base production levels which decline by 2 percent per annum. For any monthly volumes sold in excess of base production levels, the Company incurs reduced enhanced ORR rates. The former arrangements allowed for new drill ORR incentives, which were reduced ORR rates applicable to production from new wells drilled in the initial two years. This concept was replaced with the super enhanced ORR, which contemplates a further reduction in royalty rates based on increased property production from all field activities. The super enhanced ORR applies a 50 percent reduction from enhanced ORR rates for any production in excess of combined base and enhanced production levels. The following table summarizes royalty rates attributable to our previous and current LOAs.

Monthly realized oil price ($)	Previous LOA Royalty %		Current LOA Royalty %		
	Base ORR	Enhanced ORR	Base ORR	Enhanced ORR	Super Enhanced ORR
≤ 10.00	10.00	8.00	10.00	6.00	3.00
10.01 - 20.00	13.00	9.00	13.00	6.50	3.25
20.01 - 30.00	15.00	10.00	15.00	7.00	3.50
30.01 - 40.00	20.00	12.00	20.00	7.50	3.75
40.01 - 50.00	25.00	13.00	25.00	8.00	4.00
50.01 - 70.00	33.00	17.50	28.00	15.50	7.75
70.01 - 90.00	33.00	17.50	33.00	17.00	8.50
90.01 - 200.00	35.00	22.50	35.00	20.00	10.00

Ortoire exploration property

On our Ortoire concession, we operate under an exploration and production licence with the MEEI and Heritage. 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 our operations as of December 31, 2021.

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 related royalties
- Petroleum Profits Tax ("**PPT**") 50 percent of net taxable profits
- Unemployment Levy ("**UL**") 5 percent of net taxable profits
- Green Fund Levy ("**GFL**") 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 average realized selling prices of petroleum liquids in the applicable quarter. The SPT rate is nil when the weighted average realized price of petroleum liquids for a given quarter is below $50.00 per barrel and 18 percent when weighted average realized prices fall between $50.00 and $90.00.

For quarterly average petroleum prices greater than $90.00, the SPT rate is 18 percent plus 0.2 percent per $1.00 above $90.00. For the 2021 and 2022 financial years, the threshold for SPT increased from $50.00 to $75.00. The revenue base for the calculation of SPT is petroleum sales from liquids products less related royalties paid, less 25 percent investment tax credits on mature oilfields for allowable tangible and intangible capital expenditures incurred in the applicable fiscal quarter. Our 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: royalty expenses, SPT paid during the year, capital allowances, operating expenses, general and administration expenses 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.

Our Trinidad oilfield service subsidiary, which primarily leases oilfield service equipment to third-party contractors for use in our exploration and production subsidiaries, 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 GFL 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 natural 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 our Coora, WD-4 and WD-8 properties are further governed by the relevant operating agreements with Heritage, which give Heritage a measured oversight of all activities occurring on the properties.

We strive to meet or exceed the regulatory standards outlined by all governing agreements and regulations, and we believe we are currently compliant with all requirements outlined under various governmental regulations.

Environmental Regulations

From an environmental perspective, Touchstone's operations in Trinidad are regulated by the EMA with additional oversight from Heritage on our LOA 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 use of the environment of Trinidad. Further environmental regulation may, under certain circumstances, fall under the regulation of the Water and Sewerage Authority of Trinidad and Tobago and the Forestry Division of the Trinidad and Tobago Ministry of Agriculture, Land and Fisheries.

We are sensitive to the environmental impact of our operations and, under the supervision of our HSE department, work closely with regulatory agencies and industry partners to be compliant with all environmental regulations in Trinidad and to meet international best practices wherever possible (refer to "*Description of Our Business and Operations - Environmental Policies and Sustainability*" for further information).

FORM 51-101F1
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

This statement of reserves data and other oil and gas information of Touchstone Exploration Inc. (the "**Reserves Data**") is dated March 25, 2022. The effective date of the Reserves Data was December 31, 2021, and the preparation date of the Reserves Data was February 27, 2022. All of the Company's reserves are located in the Republic of Trinidad and Tobago.

The Reserves Data set forth below are based upon an evaluation by GLJ set out in the Reserves Report dated March 4, 2021 with an effective date of December 31, 2021. The Reserves Data summarize the crude 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, 2021. All evaluations of future net revenue contained in the Reserves Report are after the deduction of royalties, operating expenses, future development costs and abandonment and reclamation costs but before consideration of indirect costs such as general and administration, finance and other miscellaneous expenses. 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. 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 of Management and Directors on Oil and Gas Disclosure on Form 51-101F3 and the Report on Reserves Data by GLJ on Form 51-101F2 are attached as Appendices "A" and "B" hereto, respectively.

It should not be assumed that the estimated future net revenue figures contained herein represent the fair market value of the reserves. There is no assurance that the forecast prices or cost assumptions will be attained, and variances could be material. There are numerous uncertainties inherent in estimating quantities of crude oil and natural gas reserves and the future cash flows attributed to such reserves. The recovery, reserve estimates and associated cash flow information 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 and natural gas 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, future production rates, ultimate reserve recovery, marketability of products, timing and amount royalty, operating, future development and abandonment and reclamation costs, 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, royalty expenses, operating, development and abandonment and reclamation costs and tax expenses 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 the "*Forward-Looking Statements*" advisory sections herein for further information.

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, royalty rates, operating cost data, tax rates, 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, 2021, and accordingly, certain of such information might not be representative of current conditions.

Disclosure of Reserves Data

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, 2021 forecast price and cost assumptions. "**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, including fixed or currently determinable future prices or costs to which the Company is bound. The tables contained in the Reserves Data are a summary of the Reserves Report 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 in the tables below are expressed in United States dollars unless otherwise indicated.

Summary of Crude Oil and Natural Gas Reserves - Based on Forecast Prices and Costs

Company Gross[(1)] Reserves	Light and Medium Crude Oil (Mbbl)	Heavy Crude Oil (Mbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)[(3)]	Total Oil Equivalent (Mboe)
Proved					
Developed Producing	3,387	261	-	-	3,648
Developed Non-Producing	2,148	210	93,252	2,198	20,098
Undeveloped	4,638	-	53,841	1,374	14,985
Total Proved	**10,174**	**471**	**147,093**	**3,571**	**38,731**
Probable	8,908	458	144,642	3,342	36,815
Total Proved plus Probable	**19,082**	**929**	**291,735**	**6,913**	**75,547**
Possible	6,186	340	205,727	4,972	45,785
Total Proved plus Probable plus Possible	**25,268**	**1,269**	**497,462**	**11,885**	**121,332**

Company Net[(2)] Reserves	Light and Medium Crude Oil (Mbbl)	Heavy Crude Oil (Mbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)[(3)]	Total Oil Equivalent (Mboe)
Proved					
Developed Producing	2,119	232	-	-	2,352
Developed Non-Producing	1,599	187	81,595	1,923	17,308
Undeveloped	3,285	-	47,111	1,202	12,339
Total Proved	**7,003**	**419**	**128,706**	**3,125**	**31,999**
Probable	6,719	407	126,561	2,925	31,145
Total Proved plus Probable	**13,723**	**827**	**255,268**	**6,049**	**63,143**
Possible	4,581	302	180,011	4,350	39,236
Total Proved plus Probable plus Possible	**18,304**	**1,129**	**435,279**	**10,399**	**102,379**

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*".
(3) NGLs are comprised of 100 percent condensate.

Summary of Net Present Values of Future Net Revenues - Based on Forecast Prices and Costs

Net Present Values Before Income Taxes ($000's)	Undiscounted	Discounted at 5%	Discounted at 10%	Discounted at 15%	Discounted at 20%
Proved					
Developed Producing	70,586	59,730	51,737	45,799	41,267
Developed Non-Producing	375,339	302,251	253,336	217,580	190,218
Undeveloped	285,210	217,561	169,849	135,347	109,717
Total Proved	**731,135**	**579,541**	**474,922**	**398,726**	**341,202**
Probable	827,687	559,969	406,831	310,348	245,521
Total Proved plus Probable	**1,558,822**	**1,139,510**	**881,753**	**709,074**	**586,723**
Possible	1,050,052	636,255	431,253	315,331	243,050
Total Proved plus Probable plus Possible	**2,608,874**	**1,775,765**	**1,313,006**	**1,024,405**	**829,773**

Net Present Values After Income Taxes(1) ($000's)	Undiscounted	Discounted at 5%	Discounted at 10%	Discounted at 15%	Discounted at 20%
Proved					
Developed Producing	40,461	38,818	35,781	32,906	30,445
Developed Non-Producing	93,106	77,056	66,818	59,345	53,537
Undeveloped	178,040	136,986	107,437	85,756	69,482
Total Proved	**311,607**	**252,860**	**210,036**	**178,006**	**153,464**
Probable	317,593	213,545	153,032	114,800	89,205
Total Proved plus Probable	**629,200**	**466,405**	**363,068**	**292,806**	**242,669**
Possible	413,968	254,122	172,545	126,103	97,118
Total Proved plus Probable plus Possible	**1,043,168**	**720,527**	**535,613**	**418,909**	**339,787**

Note:

(1) The after-tax net present values prepared by GLJ in the evaluation of our crude oil and natural gas assets presented herein are calculated by considering current Trinidad tax regulations and are based on our estimated tax pools and non-capital losses as of December 31, 2021. The values reflect the expected income tax burden on the assets on a consolidated basis. The values do not represent an estimate of the value at the business entity level or consider tax planning, which may be significantly different. For information at the business entity level, see our consolidated financial statements and accompanying Management's discussion and analysis as at and for the year ended December 31, 2021, both of which are available on our website (www.touchstoneexploration.com) and under our SEDAR profile (www.sedar.com).

Total Future Net Revenues (Undiscounted) - Based on Forecast Prices and Costs

($000's)	Proved Reserves	Proved plus Probable Reserves	Proved plus Probable plus Possible Reserves
Revenue	1,303,396	2,567,556	3,997,438
Royalties	298,472	543,421	797,221
Operating costs	179,596	313,855	437,377
Future development costs	80,014	133,574	133,574
Abandonment and reclamation costs(1)	14,180	17,886	20,391
Future net revenue before income taxes	**731,135**	**1,558,822**	**2,608,874**
Future income taxes(2)	419,528	929,622	1,565,707
Future net revenue after income taxes	**311,607**	**629,200**	**1,043,168**

Notes:

(1) See "*Significant Factors or Uncertainties Affecting Reserves Data - Abandonment and Reclamation Costs*".

(2) See advisory in Note 1 of the "*Summary of Net Present Values of Future Net Revenues - Based on Forecast Prices and Costs*" table above.

Future Net Revenues by Product Type - Based on Forecast Prices and Costs

Product Type and Reserves Category	Future Net Revenue Before Income Taxes Discounted at 10% per year[(1)]		
	$000's	$/boe	$/Mcfe
Light and medium oil[(2)]	159,471	22.77	3.80
Heavy oil[(2)]	12,742	30.38	5.06
Conventional natural gas[(3)]	302,709	12.32	2.05
Total Proved	**474,922**	**14.84**	**2.47**
Light and medium oil[(2)]	320,722	23.37	3.90
Heavy oil[(2)]	25,321	30.62	5.10
Conventional natural gas[(3)]	535,709	11.02	1.84
Total Proved plus Probable	**881,753**	**13.96**	**2.33**
Light and medium oil[(2)]	439,941	24.04	4.01
Heavy oil[(2)]	33,537	29.70	4.95
Conventional natural gas[(3)]	839,528	10.12	1.69
Total Proved plus Probable plus Possible	**1,313,006**	**12.82**	**2.14**

Notes:
(1) The Company's other 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 associated by-products.
(3) Including by-products but excluding solution gas.

Forecast Pricing and Costs

Forecast pricing and costs are prices and costs that are generally acceptable, in the opinion of GLJ, as being a reasonable outlook of the future as of the evaluation effective date. 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, those prices or costs were incorporated into the forecast prices. The forecast cost assumptions take into account inflation with respect to future operating and development costs.

The following table sets forth the benchmark reference prices and inflation rates reflected in the Reserves Data as at December 31, 2021. These price assumptions were provided to the Company by GLJ and were GLJ's then current forecast as of the date of the Reserves Report.

Summary of GLJ January 1, 2022 Forecast Prices and Inflation Rate Assumptions

Forecast Year	Brent Spot Crude Oil[(1)] ($/bbl)	Henry Hub Natural Gas[(1)] ($/MMBtu)	Conway Condensate[(1)] ($/bbl)	Inflation Rate[(2)] (% per year)
2022	76.00	3.80	67.16	0.0
2023	72.51	3.50	63.49	3.0
2024	71.24	3.15	61.86	2.0
2025	72.66	3.21	63.09	2.0
2026	74.12	3.28	64.36	2.0
2027	75.59	3.34	65.64	2.0
2028	77.11	3.41	66.96	2.0
2029	78.66	3.48	68.30	2.0
2030	80.22	3.55	69.66	2.0
2031	81.83	3.62	71.06	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 specific marketing arrangements, quality differentials and transportation to point of sale.
(2) Inflation rates for forecasting costs.

During the year ended December 31, 2021, we realized an average price of $60.25 per barrel for crude oil, which represented a 15.0 percent discount in comparison to average Dated Brent reference prices and an 11.3 percent discount relative to average West Texas Intermediate reference prices over the corresponding annual period.

In December 2020, we executed a fixed price natural gas sales agreement with NGC for all future natural gas production from the Ortoire block. The Company has not entered into definitive marketing arrangements for the future sales of NGLs. Accordingly, we provided GLJ with estimated near-term NGL pricing and historical Trinidad NGL spot rates which were both used in conjunction with the forecasted Conway Condensate reference price assumptions noted in the table above to arrive at expected forward NGL sales pricing used in the Reserves Report for our Cascadura assets on the Ortoire block.

Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of our total gross proved, gross probable and total gross proved plus probable reserves as of December 31, 2021 by product type against such reserves as at December 31, 2020 based on forecast prices and cost assumptions. All of the Company's evaluated reserves are located in Trinidad.

Reconciliation of 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)[(1)]	Total Oil Equivalent (Mboe)
Total Proved					
December 31, 2020	8,890	542	130,021	3,136	34,238
Exploration discoveries[(2)]	1,280	-	-	-	1,280
Extensions and improved recovery[(3)]	244	-	17,072	436	3,525
Technical revisions[(4)]	195	(16)	-	-	179
Dispositions[(5)]	-	(11)	-	-	(11)
Economic factors[(6)]	13	-	-	-	13
Production	(449)	(43)	-	-	(492)
December 31, 2021	**10,174**	**471**	**147,093**	**3,571**	**38,731**
Total Probable					
December 31, 2020	6,562	469	125,022	2,842	30,709
Exploration discoveries[(2)]	2,240	-	-	-	2,240
Extensions and improved recovery[(3)]	72	-	19,620	500	3,842
Technical revisions[(4)]	28	(6)	-	-	22
Dispositions[(5)]	-	(5)	-	-	(5)
Economic factors[(6)]	7	-	-	-	7
Production	-	-	-	-	-
December 31, 2021	**8,908**	**458**	**144,642**	**3,342**	**36,815**
Total Proved plus Probable					
December 31, 2020	15,452	1,010	255,043	5,977	64,947
Exploration discoveries[(2)]	3,520	-	-	-	3,520
Extensions and improved recovery[(3)]	316	-	36,691	936	7,367
Technical revisions[(4)]	222	(21)	-	-	201
Dispositions[(5)]	-	(16)	-	-	(16)
Economic factors[(6)]	20	-	-	-	20
Production	(449)	(43)	-	-	(492)
December 31, 2021	**19,082**	**929**	**291,735**	**6,914**	**75,547**

Notes:
(1) NGLs are comprised of 100 percent condensate.
(2) Discoveries are associated with the evaluation of the Royston area discovery on the Ortoire block.
(3) Reserve amounts for Infill Drilling, Extensions and Improved Recovery are combined and reported as "Extensions and Improved Recovery".
(4) Technical revisions factor includes all changes in reserves due to well performance and previously booked wells which were drilled in the year.
(5) The assets associated with three non-core properties were classified as held for sale with an effective date of December 31, 2021.
(6) Economic factors are the change in reserves exclusively due to changes in pricing.

In comparison to December 31, 2020 on a proved plus probable reserve basis, light and medium crude oil reserves increased 558 Mbbl from technical revisions, economic factors and drilling extensions in 2021. 222 Mbbl of the annual increase reflected improved well performance from our Coora, WD-4, WD-8, San Francique and Barrackpore blocks, and approximately 316 Mbbl of this change was attributed to our 2021 drilling campaign at WD-4 and WD-8 resulting in drilling extension reserve additions. In addition, heavy crude oil was attributed downward technical revisions of 21 Mbbl as of December 31, 2021, primarily due to reduced well performance at our Fyzabad block.

Effective December 31, 2021, we sold our non-core New Dome, South Palo Seco, and Palo Seco properties, resulting in an aggregate proved plus probable reserves decrease of 16 Mbbl. The transactions remain subject to standard regulatory approvals.

Our Royston-1 exploration well drilled and initially tested in 2021 on the Ortoire block led to an exploration discovery of 3,520 Mbbl of light and medium crude oil proved plus probable reserves in 2021. In addition, our Cascadura Deep-1 well which was tested in the first quarter of 2021 led to a 7,051 Mboe increase in proved plus probable conventional natural gas and NGL reserves as of December 31, 2021.

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). See "*Risk Factors*".

The following tables disclose, by each product type, the gross proved undeveloped reserves and the gross probable undeveloped reserves that were first attributed by GLJ in each of the most recent three financial years based on forecast prices and costs. All of our proved and probable undeveloped reserves are located in Trinidad and are attributable to acreage that offsets existing production as determined per NI 51-101 guidelines.

Proved Undeveloped Reserves

Year	Light and Medium Crude Oil (Mbbl)		Heavy Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)	
	First Attributed	Total at Year end	First Attributed	Total at Year end	First Attributed	Total at Year end
2019	-	3,787	-	446	-	-
2020	-	3,703	-	-	81,313	81,313
2021	1,018	4,638	-	-	17,072	53,841

Year	Natural Gas Liquids (Mbbl)		Total Oil Equivalent (Mboe)	
	First Attributed	Total at Year end	First Attributed	Total at Year end
2019	-	-	-	4,233
2020	2,074	2,074	15,627	19,329
2021	436	1,374	4,299	14,985

The Reserves Report disclosed Company gross proved undeveloped reserves of 14,985 Mboe before royalties. The proved undeveloped reserves in the Reserves Report estimated future undiscounted capital spending of approximately $67.3 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 approximately 70 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 NGLs. We have significant development opportunities in several properties, and the pace of development is controlled to meet future capital expenditure and liquidity targets. See "*Statement of Reserves Data and Other Oil and Gas Information - Other Oil and Gas Information*".

Probable Undeveloped Reserves

Year	Light and Medium Crude Oil (Mbbl)		Heavy Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)	
	First Attributed	Total at Year end	First Attributed	Total at Year end	First Attributed	Total at Year end
2019	-	4,424	-	199	9,376	9,376
2020	-	4,108	-	-	90,520	100,192
2021	2,119	6,191	-	-	19,620	82,302

Year	Natural Gas Liquids (Mbbl)		Total Oil Equivalent (Mboe)	
	First Attributed	Total at Year end	First Attributed	Total at Year end
2019	-	-	1,563	6,185
2020	2,309	2,309	17,396	23,116
2021	500	1,853	5,889	21,760

Probable undeveloped reserves have been assigned in areas where the reserves can be estimated with less certainty. The Reserves Report disclosed Company gross probable undeveloped reserves of 21,760 Mboe before royalties with approximately $53.6 million of associated undiscounted capital. Development of the probable undeveloped reserves is expected to occur over the next five years with approximately 85 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 NGLs. We have significant development opportunities in several properties, and the pace of development is controlled to meet future capital expenditure and liquidity targets. Refer to "*Statement of Reserves Data and Other Oil and Gas Information - Other Oil and Gas Information*".

Significant Factors or Uncertainties Affecting Reserves Data

General

Estimates of economically recoverable crude oil, natural gas and NGL reserves and the associated future net revenues therefrom are based upon a number of variable factors and assumptions. The main area of uncertainty is commodity prices, as we sell all crude oil production to Heritage at contractually specified pricing formulas indexed to benchmark crude oil pricing. Degradation in future crude oil and NGL prices relative to those forecast in the Reserves Data would have a negative impact on the economics and timing of the development of undeveloped reserves, unless a significant reduction in the future costs of development is realized. The Company has a fixed price natural gas sales agreement with NGC for future natural gas production volumes.

Before production of reserves can begin at our Cascadura area on our Ortoire property, we must construct a natural gas surface facility, which includes an 8.3-kilometre liquids pipeline. We are currently waiting for regulatory environmental approvals to commence construction of the facility, which is expected to occur and come online in the 2022 financial year. In addition, we will be required to enter into marketing arrangements for future NGL sales.

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 our 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 our existing production and marketing arrangements.

Except as otherwise disclosed herein, the evaluated oil and natural gas properties of the Company have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and natural gas producing entity.

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 commodity 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 to reserve estimates can arise from changes in year-end commodity prices, reservoir performance, geologic conditions, production or economic conditions. These revisions can be either positive or negative and the Company's reserves disclosed herein 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, we do not anticipate any unusually high development or operating costs, 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. We do 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 expenses, royalty and income tax regimes and well performance, and subsequent drilling results that are beyond the Company's control. See "*Risk Factors*".

Abandonment and Reclamation Costs

In connection with the Company's operations, we will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines. The Company budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with our exploration and petroleum assets. Overall abandonment and reclamation costs include all costs associated with the process of restoring a property that has been disturbed by oil and gas activities to the standard imposed by the applicable government or regulatory authorities. We continually review suspended or standing wells for reactivation, recompletion or sale, and facilities will be decommissioned when all the wells producing to them have been abandoned. There are no unusually significant abandonment and reclamation costs associated with our properties with or without attributed reserves. 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.

Year ($000's)	Proved Reserves	Proved plus Probable Reserves	Proved plus Probable plus Possible Reserves
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
Thereafter	14,180	17,886	20,391
Total undiscounted	**14,180**	**17,886**	**20,391**
Total discounted at 10% per year	**2,150**	**1,814**	**1,362**

As at December 31, 2021, excluding assets held for sale, we had 735.6 net wells and three crude oil sales facilities in Trinidad for which we expect to incur abandonment and reclamation costs. The Reserves Report deducted the amounts disclosed in the table above for abandonment and reclamation costs for all of our facilities and wells including those without reserves. For further information, refer to "*Description of Our 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.

Year ($000's)	Proved Reserves	Proved plus Probable Reserves	Proved plus Probable plus Possible Reserves
2022	27,708	31,098	31,098
2023	23,700	37,353	37,353
2024	8,126	36,650	36,650
2025	10,341	14,542	14,542
2026	10,138	13,931	13,931
Thereafter	-	-	-
Total undiscounted	**80,014**	**133,574**	**133,574**
Total discounted at 10% per year	**67,375**	**110,397**	**110,397**

The following table sets forth the changes in undiscounted future development costs included in the Reserves Report against such costs in the Company's December 31, 2020 reserves report.

($000's unless otherwise stated)	Proved Reserves	Proved plus Probable Reserves	Proved plus Probable plus Possible Reserves
Increase in forecasted well costs	1,859	3,154	3,154
Increase in forecasted facility and pipeline costs	3,867	4,707	4,707
Royston exploration discovery development costs	18,368	41,786	41,786
Total increase in future development costs from 2020	**24,094**	**49,647**	**49,647**
Total increase in future development costs from 2020 (%)	**43**	**59**	**59**

We expect that funds required for future development costs will be derived from a combination of internally generated cash flow from operations and the issuance of new debt or equity where and when we believe appropriate to fund future development costs set out in the Reserves Report.

Estimates of reserves and future net revenue therefrom in the Reserves Report have been made assuming the development of each property, in respect of which the estimate is made, will occur, without the regard to the likely availability of funding required for the development. There can be no guarantee that funds will be available or that our Board 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 our future cash flow from operations and financial position. Further, we 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 net revenues and would reduce future net revenue to some degree depending upon the funding sources utilized. We do not anticipate that interest expense or other funding costs would make further development of any of our properties uneconomic.

Other Oil and Gas Information

Unless otherwise stated, the following information is presented as of December 31, 2021. We do not believe that there have been any material changes to such information since such date.

Principal Crude Oil and Natural Gas Properties

Our core properties in production or under development are located onshore Trinidad. We operate under LOAs with Heritage, state exploration and production licences with the MEEI, and private exploration and production agreements with individual landholders as per below.

Property(1)	Working Interest (%)	Licence Type	Expiry
Coora-1	100	Lease Operatorship Agreement	December 31, 2030(2)
Coora-2	100	Lease Operatorship Agreement	December 31, 2030(2)
WD-4	100	Lease Operatorship Agreement	December 31, 2030(2)
WD-8	100	Lease Operatorship Agreement	December 31, 2030(2)
Barrackpore	100	Private	Various
Fyzabad	100	Crown and private	August 19, 2032 / Various
San Francique	100	Private	Various
Ortoire	80	Crown	Various(3)

Notes:

(1) Excludes the New Dome, South Palo Seco and Palo Seco blocks which were disposed with an effective date of December 31, 2021. The Company is currently awaiting regulatory approvals to close the asset dispositions.

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

(3) In March 2022 we received notification from the MEEI that the Trinidad Government approved the exploration period of the Ortoire Licence for a further five-years to July 31, 2026. As per the terms of the Ortoire Licence, any commercial discovery extends the commercial are a further 19 years to October 31, 2039. To date, the Coho area has been determined commercial by the MEEI and the Company is awaiting approval of its commerciality and field development plan for the Cascadura area.

Refer to "*Description of Our Business and Operations - Trinidad Operations*" for further disclosure regarding the Company's principal oil and natural gas properties.

The following table sets forth the number and status of wells in which we held a working interest as of December 31, 2021, all of which are located in Trinidad.

Crude Oil and Natural Gas Wells[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	180	75	251	146
Coora-2	48	48	75	31	123	79
WD-4	41	41	36	18	77	59
WD-8	75	75	50	35	125	110
New Dome[5]	4	4	12	4	16	8
South Palo Seco[5]	3	3	3	2	6	5
Barrackpore	9	9	3	3	12	12
Fyzabad	66	66	150	150	216	216
Palo Seco[5]	15	15	57	57	72	72
San Francique	40	40	69	69	109	109
Ortoire	-	-	5	4	5	4
Cory Moruga	-	-	5	0.6	5	0.6
Total	**372**	**372**	**645**	**448.6**	**1,017**	**820.6**
Total excluding assets held for sale[5]	**350**	**350**	**573**	**385.6**	**923**	**735.6**

Notes:
(1) All of the Company's wells are crude oil wells, with the exception of three gross (2.4 net) wells on the Company's Ortoire property which are natural gas wells. Information above includes wells located on properties with no attributed reserves.
(2) Wells that produced during the 2021 financial 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.
(5) The assets associated with three non-core properties were classified as held for sale with an effective date of December 31, 2021. The Company is currently awaiting regulatory approvals to close the asset dispositions.

In addition to the wells noted above, we operate ten crude oil sales batteries in Trinidad, with three included in assets held for sale as of December 31, 2021. Each sales battery is directly tied into Heritage crude oil sales pipelines.

Properties with No Attributed Reserves

The following table sets out by country the Company's unproved properties with no attributed reserves as at December 31, 2021.

Country	Gross[1] Acres	Net[2] Acres
Trinidad	10,399	4,107
Canada	3,898	3,898
Total	**14,297**	**8,005**

Notes:
(1) Gross means the total number of acres in which the Company has an interest.
(2) Net means the number of acres obtained by aggregating the Company's interest in each of its gross acres.

We have future lease payment obligations for our 16.2 percent non-operated Cory Moruga licence (1,206 net acres) as noted in "*Description of Our Business and Operations - Summary of Commitments*". There are no future work commitments related to our unproved properties, and there are no material expiries in the Company's land holdings in 2022.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

Our business model focuses on our core operations, with little to no capital allocated to the acquisition, exploration, or development of properties with no attributed reserves aside from our core Ortoire exploration property. Therefore, there are not expected to be any significant factors or uncertainties that would affect such properties at this time, and the abandonment and reclamation costs associated with these properties are not expected to be material.

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 our ability to develop these lands, including escalation of operating expenses and development costs, the potential requirement to expand existing infrastructure and a material change in commodity prices. Development of our properties with no attributed reserves are subject to current industry conditions and uncertainties as indicated under "*Risk Factors*" herein.

Forward Contracts

The nature of oil and natural gas operations exposes the Company to risks associated with commodity prices. Periodically, we may manage this risk through the use of derivative instruments. Our risk management strategy focuses on the periodic 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.

We had no commodity risk management contracts in place as at or during the year ended December 31, 2021. We 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. Additionally, we continually review our capital program and implement initiatives to adapt to such price changes.

For further information, see Note 18 "*Financial Instruments and Market Risk Management*" to our consolidated financial statements for the year ended December 31, 2021, which is available on our website (www.touchstoneexploration.com) and under our SEDAR profile (www.sedar.com).

Tax Horizon

The Reserves Report forecasts cash taxes in Trinidad to be incurred in 2022, and we incurred cash taxes in prior years. For further information, refer to "*Industry Conditions - Income Taxes*" and to Note 15 "*Income Taxes*" to our consolidated financial statements for the year ended December 31, 2021, which is available on our website (www.touchstoneexploration.com) and under our SEDAR profile (www.sedar.com).

Capital Expenditures

The following table summarizes certain capital expenditures (including capitalized general and administration expenses) related to our activities for the year ended December 31, 2021.

	Amount ($000's)
Development costs[1]	5,457
Exploration costs[2][3]	20,106
Drilling rig mobilization costs[4]	1,850
Corporate costs[5]	450
Total	**27,863**

Notes:
(1) Represents cash additions to property, plant and equipment including direct and attributable capitalized overhead charges.
(2) Represents cash additions that have been determined by Management to be in the exploration and evaluation stage including direct and attributable capitalized overhead charges.
(3) Approximately $9.8 million of the exploration costs were incurred for lease construction, drilling and production testing expenditures relating to the Company's Royston-1 well on its Ortoire property. The prospect was initially assigned crude oil reserves in the Reserves Report.
(4) Represents cash costs to mobilize a third-party drilling rig to Trinidad. Such costs will be depreciated as the drilling rig is utilized.
(5) Includes corporate assets.

Exploration and Development Activities

We drilled one gross (0.8 net) exploration well in Trinidad and three gross (three net) development wells in Trinidad during the year ended December 31, 2021. We did not drill any dry holes or service wells during the year ended December 31, 2021.

Production Estimates

The following table sets forth the average volumes of our working interest production estimated in the Reserves Report for the year ended December 31, 2022 by reserves category and core properties.

Property and Reserves 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)
Ortoire - Cascadura area	-	-	19,718	503	3,789
Ortoire - Coho area	-	-	3,684	-	614
Ortoire - Royston area	317	-	-	-	317
Coora	504	-	-	-	504
WD-4	725	-	-	-	725
WD-8	439	-	-	-	439
Other properties	75	130	-	-	205
Total Proved	**2,060**	**130**	**23,402**	**503**	**6,593**
Ortoire - Cascadura area	-	-	3,286	84	632
Ortoire - Coho area	-	-	1,579	-	263
Ortoire - Royston area	153	-	-	-	153
Coora	87	-	-	-	87
WD-4	105	-	-	-	105
WD-8	106	-	-	-	106
Other properties	1	27	-	-	28
Total Probable	**452**	**27**	**4,865**	**84**	**1,374**
Ortoire - Cascadura area	-	-	23,004	587	4,421
Ortoire - Coho area	-	-	5,262	-	877
Ortoire - Royston area	471	-	-	-	471
Coora	590	-	-	-	590
WD-4	830	-	-	-	830
WD-8	544	-	-	-	544
Other properties	77	157	-	-	234
Total Proved Plus Probable	**2,512**	**157**	**28,267**	**587**	**7,967**

The estimates of reserves for individual properties may not reflect the same confidence levels as estimates of reserves for all properties, due to the effects of aggregation.

Production History

The following table sets forth certain information in respect of our average gross and net daily crude oil sales volumes, crude oil prices received, royalties, operating expenses and the operating netback received by the Company for each quarter of the financial year ended December 31, 2021.

Three Months Ended	Average Daily Sales Volumes(1)(2)(3)	Average $/bbl			
		Realized Price(4)	Royalties(4)	Operating Expenses(4)	Operating Netback(4)
March 31, 2021	1,297	52.43	15.79	14.66	21.98
June 30, 2021	1,402	59.06	17.98	14.78	26.30
September 30, 2021	1,333	62.37	19.36	15.24	27.77
December 31, 2021	1,336	66.81	22.15	14.70	29.96
Year ended 2021	**1,342**	**60.25**	**18.85**	**14.85**	**26.55**

Notes:
(1) Sales volumes may not agree to the Reserves Report which uses Company production volumes.
(2) The Company has not presented information for NGL sales volumes as it is considered immaterial (representing approximately 0.2% of the Company's annual sales volumes for 2021). NGL production was comprised of testing volumes from the Company's Cascadura Deep-1 well on the Ortoire block, for which the Company has an 80% working interest.
(3) Information disclosed in the table blends light and medium crude oil and heavy crude oil (rather than separating them by product type), as the Company receives the same realized sales prices for heavy crude oil. Specific operating netback information for heavy crude oil is considered immaterial.
(4) Refer to the "*Non-GAAP Financial Measures*" advisory section herein.

The following table summarizes our gross sales volumes during the year ended December 31, 2021 for each product type by field.

Property	Light and Medium Crude Oil (bbls)	Heavy Crude Oil (bbls)	Natural Gas Liquids (bbls)	Total Oil Equivalent (bbls)(1)
Coora	160,744	-	-	160,744
WD-4	186,726	-	-	186,726
WD-8	73,620	-	-	73,620
New Dome(2)	-	6,268	-	6,268
Barrackpore	4,986	-	-	4,986
Fyzabad	-	33,147	-	33,147
Palo Seco(2)	-	2,865	-	2,865
San Francique	21,543	-	-	21,543
Ortoire	-	-	1,053	1,053
Total	**447,619**	**42,280**	**1,053**	**490,952**

Notes:
(1) Sales volumes may not agree to the Reserves Report which uses net Company production volumes.
(2) The assets associated with these non-core properties were classified as held for sale with an effective date of December 31, 2021. The Company is currently awaiting regulatory approvals to close the asset dispositions.

DIVIDEND POLICY

Touchstone has never declared or paid any dividends on its outstanding Common Shares. We may declare dividends in the future if we have sufficient capital to finance further expansion of our 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 OUR CAPITAL STRUCTURE

Common Shares

Touchstone is authorized to issue an unlimited number of Common Shares without nominal or par value of which 210,826,727 Common Shares are issued and outstanding as fully paid and non-assessable as at the date of this AIF. Holders of Common Shares are also 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.

We have a share option plan pursuant to which options to purchase Common Shares may be granted by the Board to our directors, officers, employees and consultants. The maximum number of Common Shares issuable on the exercise of outstanding share options at any time is limited to 10 percent of our issued and outstanding Common Shares. The following table summarizes our outstanding Common Shares and share options, as well as our share options outstanding as a percentage of our Common Shares outstanding as at the date of this AIF, December 31, 2021, and December 31, 2020.

	March 25, 2022	December 31, 2021	December 31, 2020
Common Shares outstanding	210,826,727	210,731,727	209,399,627
Share options outstanding	10,876,534	11,233,334	9,552,434
Fully diluted Common Shares	**221,703,261**	**221,965,061**	**218,952,061**
Share options as a % of Common Shares outstanding	**5.2%**	**5.3%**	**4.6%**

Further information regarding the Company's shareholders' capital is included in Note 16 "*Shareholders' Capital*" to our consolidated financial statements for the year ended December 31, 2021, which is available on our website (www.touchstoneexploration.com) and under our SEDAR profile (www.sedar.com).

Shareholder Rights Plan

Touchstone established a shareholder rights plan pursuant to a Shareholder Rights Plan Agreement dated as of November 19, 2012 between the Company and Computershare Trust Company of Canada ("**Computershare**"), as rights agent. The Shareholder Rights Plan Agreement was approved by the Shareholders at the Company's 2012 annual meeting of Shareholders and confirmed by the Shareholders at the Company's 2015 and 2018 annual meetings of Shareholders. Effective April 12, 2021, Computershare was discharged from its duties as rights agent under the Shareholder Rights Plan Agreement, and Odyssey Trust Company ("**Odyssey**") was appointed as successor rights agent to act on behalf of the Company and the holders of the Rights (as defined in the Shareholder Rights Plan Agreement).

The Shareholders approved an Amended Shareholder Rights Plan Agreement ("**Rights Plan**") at our 2021 annual meeting of Shareholders, which was amended to reflect certain Canadian regulatory updates and then current market practices, and the fact that we transitioned our transfer agent, registrar and rights agent services from Computershare to Odyssey.

The Rights Plan 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 Rights Plan is similar to other shareholder rights plans adopted in the energy sector. A copy of the Rights Plan is available on our website (www.touchstoneexploration.com) and under our 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 ten banks in the Caribbean region, as well as other financial services subsidiaries. The Loan Agreement is a senior secured syndicated loan, with Republic Bank Limited acting as initial lender, arranger and administrative agent.

On December 21, 2021, the parties entered into an amended and restated Loan Agreement providing for a $10 million increase in the principal balance to $30 million. The amendment did not amend any other terms of the prior loan agreement. Effective December 30, 2021, the Company withdrew an additional $15 million on the credit facility, resulting in the full principal balance of $30 million outstanding.

The Loan Agreement bears a fixed interest rate of 7.85 percent per annum, compounded and payable quarterly. Twenty equal and consecutive quarterly principal payments of $1.5 million commence on September 15, 2022. Prepayments are currently permitted with a one 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.

Guarantees

Pursuant to the Loan Agreement, Touchstone Trinidad must at all times maintain a minimum cash reserves balance of not less than the equivalent of two subsequent quarterly interest payments, amounting to $1.2 million as of December 31, 2021.

Touchstone Trinidad has provided approximately $0.5 million in performance bonds to Heritage to support its work commitments under its LOAs. The performance bonds expire on December 31, 2025 and were guaranteed by Republic Bank Limited acting as surety.

In January 2018, Touchstone Exploration Inc. 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

Our 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	
2022						
January	1.70	1.44	3,509,832	0.96	0.87	8,939,167
February	1.68	1.44	2,216,498	0.97	0.86	5,123,038
March (1 to 24)	1.69	1.18	4,026,025	0.99	0.75	6,789,882

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	14,064,571
February	3.06	2.55	3,840,977	1.78	1.50	7,233,146
March	2.78	1.55	8,304,932	1.58	0.94	21,690,809
April	2.23	1.47	11,195,790	1.18	0.85	18,329,292
May	1.91	1.58	3,795,359	1.13	0.94	6,403,551
June	1.65	1.33	4,974,797	0.96	0.78	6,384,718
July	1.66	1.39	2,626,981	0.95	0.79	6,225,420
August	1.52	1.30	2,253,813	0.92	0.77	4,564,603
September	2.21	1.36	4,763,679	1.17	0.82	10,470,664
October	2.25	1.85	2,806,489	1.27	1.10	6,429,408
November	2.65	1.85	4,662,755	1.55	1.11	10,821,025
December	2.39	1.56	4,502,112	1.37	0.90	18,412,773

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, 2021.

Grant Date	Securities	Number of Securities	Exercise Price per Security (C$)
May 25, 2021	Share options	2,713,000	1.73
June 7, 2021	Share options	47,000	1.62
August 24, 2021	Share options	253,000	1.38

Further information regarding our equity-based compensation plan is included in Note 16 "*Shareholders' Capital*" to our consolidated financial statements for the year ended December 31, 2021, which is available on our website (www.touchstoneexploration.com) and under the our SEDAR profile (www.sedar.com).

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As of the date of this AIF, 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, offices held with us, the period served and principal occupations of our 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	Director, President and Chief Executive Officer	May 13, 2014	Former Chair 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.

Name and Place of Residence	Office Held	Position Since	Principal Occupation (during the preceding 5 years)
Kenneth McKinnon(1)(2) 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(1)(3) 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(2)(3)(4) Ascot, UK	Director	December 22, 2020	Independent consultant since January 2017. Former Interim Chief Executive Officer of Hurricane Energy plc from June to September 2020. Former VP Exploration and Growth for Europe at BG Group until December 2016.
Stanley T. Smith(1)(2) Alberta, Canada	Director	October 4, 2017	Independent consultant since September 2016. Former Senior Audit Partner at KPMG LLP.
Thomas Valentine(4) 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(2)(3)(4) 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(3) Alberta, Canada	Chair of the Board	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).

Notes:
(1) Member of the Audit Committee.
(2) Member of the Compensation and Governance Committee.
(3) Member of the Reserves Committee.
(4) Member of the HSSE Committee.

Each director will hold office until the next annual general meeting of Shareholders or until each director's successor is elected or appointed pursuant to the ABCA. 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 9,409,441 Common Shares representing approximately 4.5 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.

Corporate Cease Trade Orders

Mr. Paul Baay was formerly a director of AlkaLi3 Resources Inc. ("**AlkaLi3**"), a reporting issuer 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, as at the date of this AIF, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Touchstone and any personal holding company of the director or executive officer) 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 director or executive officer 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 TSX, 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 30, 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 (including Touchstone) 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 or executive officer.

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 a 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 investor 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*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, as at the date of this AIF, there were no material legal proceedings to which the Company was a party or which any of its respective properties and assets 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, as of the date of this AIF, 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.

AUDIT COMMITTEE

Audit Committee Charter

The complete text of the mandate of the Audit Committee is included in Appendix "C" of this AIF.

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 external auditors independent of Management at each quarterly meeting at a minimum. The Audit Committee is responsible for reviewing and overseeing external 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 (Chair), 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 relevant education and experience of each member of the Audit Committee.

Stanley T. Smith, Chair

Mr. Smith is a designated accountant with over 39 years of public accountant experience. Mr. Smith has been an independent consultant since October 2016. Prior thereto, he was a Partner at KPMG LLP from March 1981 until his retirement in September 2016. Mr. Smith's focus of practice was public company auditing and advising, primarily in the oil and gas exploration, production and service industries. 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 an independent consultant since July 2020. Prior thereto, he was a Partner at Citrus Capital Partners Ltd. (advisory and consulting firm) from January 2014 to June 2020. Mr. McKinnon previously held various executive positions with Critical Mass (a digital experience design agency) over a period of 18 years, most recently as Senior Vice-President and General Counsel. 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 Chair of the Compensation Committee of Alvopetro Energy Ltd., positions he has held since November 2013.

Mr. McKinnon was formerly a director, the Chair of the Audit Committee and the Chair of the Compensation and Governance Committee of The Supreme Cannabis Company Inc. and was formerly a director of Lightstream Resources Ltd. from October 2009 to December 2016 where he held the position of Chair of the Board of Directors 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 Chair 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 forty years of experience in the oil and gas sector in both industry and investment banking. He founded and has been the Chief Executive Officer of Locin Energy Ltd. (energy consulting firm) since March 2012. Mr. Nicol 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, and a director of AIM quoted Deltic Energy plc. He also serves as a director of ERC Equipoise Limited and Thorogood Associates Ltd., both private companies.

He has worked with and advised a number of small-medium cap and private-equity financed companies in the United Kingdom, Canada and Norway on mergers and acquisitions, financing and as a director. Mr. Nicol was formerly a partner in GMP Securities Europe as the Head of the Oil and Gas Research, researching and raising capital for international oil and gas exploration and production 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, as Head of European Oil and Gas Research at Goldman Sachs. Mr. Nicol started his career with British National Oil Corporation in a variety of commercial roles and holds a Bachelor of Science in mathematics and economics.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

Effective September 29, 2021, Ernst & Young LLP ("**EY**") resigned as auditors of the Company, and KPMG LLP ("**KPMG**") were appointed auditors of the Company following an extensive external auditor review and proposal process conducted by the Audit Committee and approved by the Board.

For the periods disclosed herein, the Audit Committee has reviewed the nature and amount of non-audit services provided by both KPMG and EY to the Company to ensure audit independence. The following table summarizes the aggregate fees paid or payable to each firm as applicable for the years ended December 31, 2021 and 2020. Invoices denominated in foreign currencies have been translated to Canadian dollars at average exchange rates for the relevant year.

Nature of Services	2021 KPMG Fees (C$)	2021 EY Fees (C$)	2021 Combined Fees (C$)	2020 EY Fees (C$)
Audit fees[(1)]	176,550	58,708	**235,258**	240,530
Audit-related fees[(2)]	-	-	**-**	-
Tax fees[(3)]	-	37,165	**37,165**	38,583
All other fees[(4)]	74,500	-	**74,500**	-
Total fees	**251,050**	**95,873**	**346,923**	**279,113**

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. In 2021 we engaged KPMG to assist with the publication of our inaugural 2020 Sustainability Report issued in December 2021, which represented the non-audit and non-tax fees paid in 2021. KPMG was engaged prior to being appointed our external auditors. In 2022, it is projected that our non-audit and non-tax fees will be reduced.

Reliance on Exemptions

At no time since the commencement of our most recently completed financial year have we relied on any of the exemptions contained in National Instrument 52-110 - *Audit Committees* with respect to independence or composition of our Audit Committee.

Audit Committee Oversight

At no time since commencement to the most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by our Board of Directors.

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.

AUDITORS, TRANSFER AGENTS AND REGISTRAR

The independent auditor of the Company is KPMG LLP, Chartered Professional Accountants, Suite 3100, 205 - 5th Avenue SW, Calgary, Alberta, T2P 4B9. KPMG was appointed as our auditor on September 29, 2021 by the Board.

The Company's transfer agent and registrar for the Common Shares is Odyssey Trust Company, located at Suite 1230, 300 - 5th Avenue SW, Calgary, Alberta, T2P 3C4. The Company's depository and custodian in respect of its United Kingdom depository interests is Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Odyssey and Link Market Services Trustees Limited were appointed to their respective roles effective April 12, 2021 by the Board.

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 Rights Plan and Loan Agreement (see "*Description of Our Capital Structure*").

The Rights Plan and Loan Agreement, 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 Our Business and Operations - Operating Agreements*" for details regarding the Company's oil and natural gas exploration and production licence and marketing agreements.

INTERESTS OF EXPERTS

We used KPMG LLP for external audit services and other advisory services for the year ended December 31, 2021. KPMG LLP have confirmed to us that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

GLJ Ltd. prepared the Reserves Report, the results of which are summarized in this AIF. None of the designated professionals of GLJ Ltd. have any registered or beneficial interests, direct or indirect, in any of our securities or other property of our associates or affiliates either at the time they prepared the statements, reports or valuations prepared by it, at any time thereafter, or to be received by them.

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 us or any of our associates and affiliates, except for Thomas E. Valentine, one of our directors, who is a partner at Norton Rose Fulbright Canada LLP which law firm renders legal services to us.

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. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with Touchstone's business and the oil and natural gas industry.

The exploration for, and production of, hydrocarbons is a highly speculative activity which involves a high degree of risk. 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.

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. 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. 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 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 sales, increased operating or capital expenses or other events that could lead to a decline in the value of any securities of Touchstone.

Climate Change Transition Risks

Regulation and policies

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. Greenhouse gas ("**GHG**") emissions legislation is emerging and is subject to change. 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. The impact of such efforts requires Management to dedicate significant time and resources to these evolving climate-related change concerns and may adversely affect the Company's operations, the demand for and price of Touchstone's crude oil and natural gas production, its cost of capital and access to the capital markets.

Climate change and its associated impacts may increase our exposure to, and magnitude of, each of the risks identified herein. Overall, the Company is not able to estimate at this time the degree to which climate-related regulatory, climatic conditions, and climate-related transition risks could impact the Company's financial and operating results. Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting 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. 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. 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 expenses and, in the long-term, potentially reducing the demand for crude oil and natural gas, resulting in a decrease in the Company's profitability and a reduction in the value of its assets.

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.

Touchstone is committed to transparent and comprehensive reporting of its sustainability performance and considers existing standards, such as the Global Reporting Initiative Sustainability Reporting Standards, the Sustainability Accounting Standards Board's documentation, and the guidelines set forth by the Task Force on Climate-related Financial Disclosures. On October 18, 2021, the Canadian Securities Administrators published for comment Proposed National Instrument 51-107 - *Disclosure of Climate-Related Matters*, intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. If the Company is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approval and authorizations from various governmental authorities and raise capital may be adversely affected.

Litigation related to climate change

In recent years there has been an increase in related climate change litigation in various jurisdictions including Canada, the United States and internationally. Various claims have been asserted, including that energy producers contribute to climate change, are not reasonably managing business risks associated with climate change, and have not adequately disclosed business risks of climate change. While many of the related climate change actions are in preliminary stages of litigation, and in some cases declare novel or unproven causes of action, there can be no assurance that legal, societal, scientific and political developments will not increase the likelihood of successful related climate change litigation against energy producers, including Touchstone. The outcome of any such litigation is uncertain and may materially impact the Company's business, financial condition or results of operations. The Company may also be subject to adverse publicity associated with such matters, which may negatively affect public perception and Company's reputation, regardless of whether the Company is ultimately found responsible. The Company may be required to incur significant expenses or devote considerable resources in defense against any such litigation.

Technology

The Company depends on, among other things, the availability and scalability of existing and emerging technologies to meet its goals, including ESG targets and goals. Limitations related to the development, adoption and success of these technologies could have a negative impact on long-term business resilience.

Demand and commodity prices

Full conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to crude oil and natural gas, and technological advances in fuel economy and renewable energy generation devices could reduce the demand for petroleum products. 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 crude oil and natural gas. The Company cannot predict the impact of changing demand for crude 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 and cash flow from operations by decreasing the Company's profitability, increasing its costs and decreasing the value of its assets.

Access to capital and insurance

Capital markets are adjusting to the risks that climate change poses, and as a result, the Company's ability to access capital and secure necessary or prudent insurance coverage may also be adversely affected in the event that institutional investors, credit rating agencies, lenders and/or 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 natural gas sector. As a result of these policies, premiums and deductibles for some or all insurance policies could increase substantially. In some instances, coverage may be reduced or become unavailable, and the Company may not be able to renew its existing policies or procure other desirable insurance coverage, on commercially reasonable terms or at all. The future development of the business may be dependent upon the Company's ability to obtain additional capital, including debt and equity financing. 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 natural 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 natural 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 natural gas properties or companies or are reducing the amount thereof over time. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. In addition, certain institutional investors are requesting that issuers develop and implement more robust ESG policies and practices. Developing and implementing such policies and practices can involve significant costs and require a considerable time commitment from the Board, 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 natural gas industry, and more specifically the Company, may result in limiting the Company's access to capital and increasing its cost of capital, 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 and Common Shares.

Shareholder activism

Shareholder activism has been increasing generally and in the energy industry. Investors may from time-to-time attempt to affect changes to the Company's business or governance, with respect to climate changes or otherwise, by means such as shareholder proposals, public campaigns, proxy solicitations or otherwise. Such actions could adversely impact the Company by distracting the Board and Management from core business operations, increasing advisory fees and related costs, interfering with the Company's ability to successfully execute on strategic transactions and plans and provoking perceived uncertainty about the future direction of the business.

Climate Change Physical Risks

Weather and climate affect demand, and therefore, the predictability of the demand for energy is affected to a large degree by the predictability of weather and climate. The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope and severity of probable impacts. Many scientific literatures believe that 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.

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 sales and cash flow from operations will decrease. Extreme variable weather conditions such as heavy rainfall and wildfires may restrict the Company's ability to access its properties and assets and may 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.

Climate and GHG Emissions Goals and Targets

The Company has set internal targets to reduce operational Scope 1 and 2 GHG emissions in the future from our 2020 baseline. The Company also has a goal to eliminate produced water released into the environment from 2023 onwards. The ability to meet these goals and targets are subject to numerous risks and uncertainties, and actions taken in implementing them may also expose the Company to certain additional and/or heightened financial and operational risks. Furthermore, any future long-term goals and targets are inherently less certain due to the longer time frame and certain factors outside of the Company's control, including the commercial application of future technologies that may be necessary to achieve them, and future cooperation with regulators. A reduction in GHG emissions relies on, among other things, the ability to develop, access and implement commercially viable and scalable emission reduction strategies and related technology and products. If the Company is unable to implement these strategies and technologies as planned without negatively impacting expected operations or cost structures, or such strategies or technologies do not perform as expected, the Company may be unable to meet their goals or targets on the current timelines, or at all.

In addition, these goals and targets rely on a stable regulatory framework and will require capital expenditures and Company resources, with the potential that actual costs may differ from the original estimates and the differences may be material. Furthermore, the cost of investing in emissions-reduction technologies and the resultant change in the deployment of resources and focus could have a negative impact on future operating and financial results.

ESG Goals and Targets

The Company has set achievable goals and targets for ESG including eliminating natural gas venting, reducing operational emissions, reducing water discharge and increasing the diversity of our Board members. To achieve these goals and to respond to changing market demand, the Company may incur additional costs and invest in new technologies and innovation. It is possible that the return on these investments may be less than expected, which may have an adverse effect on the Company's business, financial condition and reputation. ESG goals and targets depend significantly on the Company's ability to execute on current business strategy, which can be impacted by the numerous risks and uncertainties associated with the business and the industry in which the Company operates, as outlined herein. The Company recognizes that the ability to adapt to and succeed in a lower-carbon economy will be measured against its peers. Investors and stakeholders increasingly compare companies based on ESG-related performance, including climate-related performance. Failure to achieve ESG goals and targets, or a perception among key stakeholders that the ESG goals and targets are insufficient or unattainable, could adversely affect the Company's reputation and ability to attract capital and insurance coverage. There is also a risk that some or all of the expected benefits and opportunities of achieving the various ESG goals and targets may fail to materialize, may cost more to achieve or may not occur within the anticipated time periods. In addition, there are risks that the actions taken in implementing the Touchstone's goals and targets relating to ESG may have a negative impact on the Company's existing business and increase capital expenditures, which could have a negative impact on the future operating and financial results.

The Company's diversity and inclusion objective includes future targets for the Board to have an increase of female and diverse ethnicity representations from our 2020 established baseline. Efforts to meet such targets may increase the time and costs associated with appointing and replacing key personnel. Further, a failure or delay in achieving the targets may influence the Company's reputation with its stakeholders and impact recruitment initiatives.

Pandemic Risk

Global or domestic pandemics, epidemics or infectious disease outbreaks, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illnesses, could have, without limitations, an adverse impact on the Company's results, business, operations, financial condition, access to capital and liquidity, cost of borrowing, cash flows, reputation, business plans and/or the economy. The duration and the impact of a pandemic may also disrupt access to materials and services, increase employee absenteeism from illness and decrease commodity prices.

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 non-essential. This resulted in a swift and significant reduction in global economic activity along with a sudden drop in demand for oil and natural gas.

While market conditions have recently improved, the full extent of the risks surrounding the COVID-19 pandemic is continually evolving in light of a global distribution of effective vaccines and through subsequent waves or additional variants of COVID-19, 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 crude oil and natural gas prices and volatility of foreign exchange rates, volatility of the market price of the Company's Common Shares; operational risks related to increasing operating expenses or declines in production levels, capital project delays, international shipping delays, delays in receiving government regulatory approvals, marketing arrangement counterparty performance or payment delays, and government regulations; ability to obtain additional financing, accounting adjustments, and effectiveness of internal controls; reliance on key personnel, management, and labour; and other risks related to cyber-security and protecting the integrity and functionality of the Company's information technology systems, networks and data as our workforce in Canada and Trinidad may work from remote connections in response to COVID-19 and its variants.

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 partners and comply with rapidly changing regulatory guidance. 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 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 and capital projects, 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 and various factors and consequences which are beyond the Company's control. Despite the approval of certain vaccines by global regulatory bodies, the ongoing evolution of the distribution of an effective vaccine in developing countries also continues to raise uncertainty, particularly its effect on local and global economic conditions that could influence the other risk factors identified in this AIF, the extent of which is not yet known.

Russia-Ukraine Conflict

In February 2022, Russian military forces invaded Ukraine. In response, Ukrainian military personal and civilians are actively resisting the invasion. Many countries throughout the world have provided assistance to Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the invasion. The North Atlantic Treaty Organization ("**NATO**") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. In addition, many countries including Canada, the United Kingdom and the United States, have imposed strict financial and trade sanctions against Russia, which sanctions may have material effects on the global economy and may make Russia default on its US$ denominated sovereign debt payments. As part of the sanctions package, the German government paused the certification process for the Nord Stream 2 natural gas pipeline that was built to carry natural gas from Russia to Germany. Russia is a major exporter of crude oil and natural gas, and disruption of supplies of crude oil and natural gas from Russia could cause a significant worldwide supply shortage and have a material effect on the prices of crude oil and natural gas and subsequently the global economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain.

Foreign Location of Assets and Foreign Economic and Political Risk

Touchstone is subject to additional risks associated with international operations. 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; changes laws and policies impacting foreign trade and investment; 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 crude oil and natural gas pricing policies; the actions of national labour unions; currency fluctuations and devaluations; currency exchange controls; economic sanctions; taxation of the oil and natural gas sector; and other risks arising out of foreign governmental sovereignty over the areas in which Touchstone's operations are or will be conducted. 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, environmental 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 crude oil and natural 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 crude 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

Commodity prices have historically been, and continue to be, volatile. Touchstone expects this volatility to continue. The Company makes price assumptions that are used for planning purposes, and a significant portion of its cash outflows, including operating expenses and capital expenditures, are largely fixed in nature. Accordingly, if commodity prices are below the expectations on which these commitments were based, the Company's financial results are likely to be adversely and disproportionately affected because these cash outflows are not variable in the short term and cannot be quickly reduced to respond to unanticipated decreases in commodity prices. 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.

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, crude oil 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 crude oil and natural gas exporting nations, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply and demand of crude oil and natural gas, risks of supply disruption, the price of foreign imports, and the availability of alternative fuel sources. Crude oil prices may be continue to be volatile for a variety of reasons including market uncertainties over the supply and demand due to the current state of the global economy, the ongoing COVID-19 pandemic, OPEC and non-OPEC producers' actions in respect of supply, 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 geopolitical conflicts, including the Russia-Ukraine conflict.

The Company's ability to market its crude oil and natural gas depends upon its ability to access capacity on third-party pipelines to deliver the crude oil and natural gas to commercial markets. Deliverability uncertainties related to the distance the Company's reserves are to pipelines, processing and storage facilities, operational problems affecting third-party pipelines and facilities and government regulation relating to prices, taxes, royalties, land tenure, allowable production, and the export of crude oil. Many other aspects of the crude oil and natural gas business may also affect the Company. At present, crude oil sales are generally benchmarked against Brent reference prices and subject to price differentials for crude quality. Further, 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 crude oil prices will result in a reduction of the Company's petroleum sales and cash flow 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. In addition, lower commodity prices restrict the Company's cash flow 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 crude oil assets, which could also have the effect of requiring a write-down of the carrying value of the Company's crude oil assets on its consolidated statements of financial position and the recognition of an impairment loss in its consolidated statements of comprehensive income. Furthermore, 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. Any of these factors could negatively affect Touchstone's ability to replace its production and its future rate of growth. In addition, volatile crude oil prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for crude oil producing properties, as buyers and sellers have difficulty agreeing on such value.

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 sales and cash flow from operations and financial position. 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 sales and a reduction in its crude oil and natural gas production, development and exploration activities. Any substantial and extended decline in the price of crude oil and natural gas would have an adverse effect on the carrying value of the Company's reserves, borrowing capacity, petroleum sales, profitability and cash flow 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, hostilities in the Middle East, Ukraine and Taiwan 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 COVID-19, 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 goods and 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 herein that affect the supply and demand for crude oil and natural gas and the Company's business and industry could ultimately have an adverse impact on Touchstone's financial condition, financial performance and cash flows.

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 set various standards regulating certain aspects of health and environmental quality, including air emissions, noise pollution, 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 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. The Company adopts prudent and industry-recommended field operating procedures for all operations, as well as maintaining a robust health, safety and environmental program in order to protect the environment, our employees and consultants, and the general public.

These environmental laws and regulations impose certain costs and risks on the Company, and there remain some uncertainty with regard to the impact of climate change and environmental laws and regulations on Touchstone, as the Company is unable to predict additional legislation or amendments that the Trinidadian government may enact in the future. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flows. Touchstone has a plan in place to monitor and disclose key metrics surrounding the environmental impacts of its operations in its 2020 Sustainability Report.

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 crude 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 crude 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. Failure to comply with current and proposed regulations can have a material adverse effect on the Company's business and results of operations by substantially increasing its capital expenditures and compliance costs and affecting 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.

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 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 crude 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, crude oil and NGL spills can also occur as a result of sabotage and damage to well equipment and pipelines. Further, the Company sells crude oil at various delivery stations, and the crude oil is primarily transported by trucks. 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 flow 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.

Touchstone maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds and result in financial distress.

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.

General Risks Relating to Oil Exploration, Development and Production

The Company's operations are subject to all the risks normally associated with the exploration, development, production and sale of crude 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 as well as environmental and safety performances.

Petroleum operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Drilling hazards, such as fire, explosion, blow-outs, cratering, spills, environmental damage, adverse geological conditions and various field operating conditions, including 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, could result in substantial damage to oil wells, production facilities, other property and the environment or in personal injury and could greatly increase the cost of operations and adversely affect the production from successful wells. Other factors affecting the exploration, development, production and sale of crude oil and natural gas that could result in decreases in profitability include: expiration or termination of the leases, licences, permits, LOAs, joint operation or venture agreements and marketing agreements, as applicable; 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. As Touchstone maintains liability insurance coverage in an amount that it considers consistent with industry practices, it will not be fully insured against all risks nor are all such risks insurable. In either event, the Company could incur significant costs.

Future crude 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 sales to return a profit after drilling, completion, production testing, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating expenditures. 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. 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 sales and cash flow levels to varying degrees and prospects.

As a participant in the oil and natural gas industry, the Company is exposed to a high level of exploration and production risk, upon which there is no assurance that hydrocarbon reserves will be discovered and economically produced. The Company's current and future (to the extent discovered or acquired) proved reserves will decline as reserves are produced from our properties unless it can 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 that the Company's future exploration, development and acquisition activities will result in material additions of proved reserves or of further commercial quantities of crude oil and natural gas. To manage this risk, to the extent possible, Touchstone employs or contracts highly qualified geologists, uses technology such as seismic and current information system technology as primary exploration tools, and focus its exploration efforts in known hydrocarbon-producing basins. The Company may also choose to mitigate exploration risk through acquisitions that may require raising additional funds.

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 unexpected formations or 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.

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 production, and NGC is the sole purchaser of future natural gas production. Touchstone's ability to market its petroleum and natural gas products depends upon numerous factors beyond its control, including the availability of third-party pipeline capacity, the supply of and demand for petroleum and natural gas, 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 and natural gas it produces.

The amount of crude oil and natural gas that Touchstone can produce and sell is subject to the accessibility, availability, proximity and capacity of these third-party processing facilities and pipeline systems and over which the Company does not have control. 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 crude oil, natural gas and NGL production. The 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. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as delays in constructing new infrastructure systems and facilities, could harm the Company's business and, in turn, the Company's financial condition, results of operations and cash flow from operations.

Substantial Capital Requirements and Additional Funding

The Company anticipates making substantial capital expenditures for the acquisition, exploration, development and production of crude oil and natural gas reserves in the future. If the Company's petroleum sales 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 crude oil and natural gas operations, as well as the business performance of the Company. Fluctuations in commodity prices may affect lending policies for potential future lenders. This may be further complicated by the limited market liquidity for shares of smaller internationally focused companies, restricting access to some institutional investors. This in turn could limit growth prospects in the short-term or may even require Touchstone to dedicate existing cash balances or cash flow 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 subsequently affected materially and adversely.

The costs associated with Touchstone's future capital programs and abandonment and reclamation 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, or the 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.

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 crude oil and natural 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.

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 flow 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 flow 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 flow 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 principal balance of its 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 crude 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.

Reserves Estimates

There are numerous uncertainties inherent in estimating quantities of recoverable crude oil and natural gas reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information herein are estimates only. In general, estimates of economically recoverable crude oil and natural gas 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 crude oil, natural gas and NGLs, future operating 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 sales, royalties, operating costs, future development costs, abandonment and reclamation costs and income taxes 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, 2021 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 crude oil, natural gas and NGLs, curtailments or increases in consumption by crude 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, and 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 crude 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.

The Trinidad Exploration and Production Agreements

The current exploration and production licences, LOAs and joint operating agreements with respect to Touchstone's properties contain significant obligations on the part of the Company's subsidiaries including minimum work commitments 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 licence areas 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.

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.

Title Issues

Touchstone holds its lease interests in Trinidad through government exploration and production licences, private leases and Heritage issued LOAs. 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 sales 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 which have expired and are currently being renegotiated. Based on legal opinions obtained from Trinidad legal counsel, the Company is continuing to recognize petroleum sales 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 disputed.

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 subsurface title claims. The Company will diligently investigate title to all properties 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 its petroleum properties.

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.

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 Touchstone'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. In addition, obtaining certain approvals from regulatory authorities can involve, among other things, stakeholder and landowner consultation, environmental impact assessments and public hearings. Regulatory approvals obtained may be subject to the satisfaction of certain conditions including, but not limited to, security deposit obligations, ongoing regulatory oversight of projects, mitigating or avoiding project impacts, environmental and habitat assessments and other commitments or obligations. 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 products 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.

Project Risks

Touchstone manages a variety of projects in the conduct of its business. Project interruptions may delay expected petroleum sales from operations. Significant project cost overruns could make a project uneconomic. The Company's ability to execute projects and to market crude oil, natural gas and NGLs depends upon numerous factors beyond its control, including: availability of facility equipment and related supplies; availability processing capacity; availability and proximity of pipeline capacity; availability of storage capacity; effects of inclement and severe weather events, including fire and flooding; availability of drilling and related equipment; unexpected cost increases; accidental events; currency fluctuations; regulatory changes; availability and productivity of skilled labour; and regulation of the oil and natural gas industry where it operates. 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.

If cash flow from operating activities and funds from external financing sources are not sufficient to cover the Company's capital expenditure requirements, the Company 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 its 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.

Availability of Drilling Equipment and Reliance on Third-Party Operators

Crude 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 crude 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.

Inflation and Cost Management

Touchstone's operating expenses could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs and secure the services and equipment necessary for its operations for the expected price, on the expected timeline, or at all, may impact project returns and future development decisions and subsequently may have a material adverse effect on its financial performance and cash flows.

The cost or availability of crude oil and natural gas field equipment may adversely affect the Company's ability to undertake exploration, development and construction projects. The oil and natural gas industry is cyclical in nature and may be prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects, and construction materials. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the anticipated timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows.

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 that may increase the viability of reserves or reduce operating expenses. Other upstream petroleum companies may have greater financial, technical and personnel resources that allow them to implement and benefit from such technological advantages before Touchstone. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis, at an acceptable cost and/or successfully. One or more of the technologies currently utilized by Touchstone or implemented in the future may become obsolete. If the Company 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.

Abandonment and Reclamation Cost Risk

The Company is subject to crude oil and natural gas asset abandonment, remediation and reclamation liabilities for its operations including those imposed by regulations under federal, territorial, state, regional and municipal legislation in the jurisdictions in which the Company conducts operations. The Company maintains estimates of abandonment, remediation and reclamation liabilities; however, it is possible that these costs may change materially before decommissioning due to regulatory changes, technological changes, acceleration of decommissioning timelines, and inflation, among other variables. 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

Insurance

Touchstone's involvement in the exploration for and development of crude oil and natural gas properties may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other related 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 and could incur significant costs.

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. Any delay or inability to secure the required personnel, equipment, power, services and other resources could result in crude oil, natural gas and NGL production volumes being below the Company's forecasted production volumes.

The Company operates in remote areas and solely relies on third-party 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 produce crude oil and NGLs or may lead to increased risk of accidents, both of which could have a significant impact on the Company's cash flow from operations.

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 regularly deploy 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, cyber-attack, cyber-fraud, 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 risks may be exacerbated if the Company is further required to move back to remote working in response to future pandemic 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, reputation, financial condition, results of operations and cash flow from operations.

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. 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 enter the Company's systems and obtain confidential information. Touchstone provides employees with social media guidelines that align with its business code of conduct and ethics policies. 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.

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 believes it has industry-accepted security measures and controls in place as well as education and training programs for its employees, all designed to mitigate these risks, these measures may not adequately prevent cyber-security breaches. A breach of its security measures and/or a loss of information or financial resources could occur, resulting 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.

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. The unions may 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 regulations. 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 the Company'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 natural 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

The Company's results can be adversely impacted by political, legal or regulatory developments in Trinidad and elsewhere that affect local operations and local and international markets, including the balance between economic development and environmental policy. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Company's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licences and permits for Touchstone's activities or restrict the operation of third-party infrastructure the Company relies on. Additionally, changes in environmental regulations, assessment processes or other laws and increasing and expanding stakeholder consultation, may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Company's results. The oil and natural gas industry has become an increasingly politically polarizing topic globally, which has resulted in a rise in civil disobedience surrounding crude oil and natural gas development particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Company's activities.

Other government and political factors that could adversely affect the Company's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards and the use of alternative fuels or uncompetitive fuel components could affect Touchstone's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for Touchstone's petroleum products.

Trinidad is in close proximity to Venezuela, which has been going through an extended 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, 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, 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 flow from operations of these subsidiaries to meet its obligations and/or pay any future dividends, 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 is limited amounts of US$ that can be purchased in Trinidad. 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, the United Kingdom 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, contractors looking for work with Touchstone, 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, including profit disgorgement, 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's tax filings, whether by re-characterization of capital expenditures or questioning the deductibility of expenses or otherwise, such reassessment may have an impact on current and future taxes payable. Income tax laws relating to the oil and natural 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 Touchstone's financial position and business prospects.

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 Touchstone primarily operates in Trinidad, fluctuations in the exchange rate between the TT$ and the US$ could have a significant effect on financial results. Although the sales prices of crude oil are determined by reference to US$ denominated benchmark prices, the majority of the invoices for such sales are paid in TT$, exposing the Company to foreign exchange risk. To mitigate this risk, the Company attempts to match revenues received in TT$ by entering into contracts denominated and payable in TT$ when possible. Touchstone also attempts to limit its exposure to foreign currency risk through collecting and paying foreign currency denominated balances in a timely fashion. 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.

Market Risk Management

From time to time, the Company may enter into financial agreements to receive fixed prices for its crude oil and NGL production to mitigate the effect of commodity price volatility and to support the Company's capital budgeting and expenditure plans. 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: prices fall significantly lower than projected; 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. Failure to protect against a decline in commodity prices exposes the Company to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which the Company would enter into derivative contracts on future volumes. This could make such transactions unattractive, and, as a result, some or all of the Company's production volumes may not be protected by derivative arrangements.

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 foreign exchange derivative agreements.

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, the lessees of its long-term lease arrangements and counterparties to the Company's derivative risk management contracts. In addition, the Company may be exposed to third-party credit risk from purchasers of assets from Touchstone for various liabilities, including well abandonment and reclamation obligations assumed by the purchasers. 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 agreements. 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.

Further, the Company historically has aged accounts receivables owing for Trinidad-based value added taxes ("**VAT**"). The Company's oil and natural gas producing subsidiaries have VAT receivables owing from the Trinidad government based on operational and capital spending, which are not offset with any VAT collected given petroleum products are zero-rated goods. Although ultimate collection is erratic and therefore the timing thereof cannot be estimated with any certainty, the Company has not experienced any past collection issues. There can be no assurance that the Company will collect future VAT receivables on a timely basis, which challenges Touchstone's forecasting process and liquidity and may delay certain capital projects. Further, there can be no assurance that VAT rates will not increase in the future, which would elevate amounts owing and could create material liquidity challenges.

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 natural 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 the Company's Common Shares are traded, domestic and global commodity prices, current perceptions of the oil and natural gas industry, the availability and attractiveness of alternative investments, and the breadth of the public market for the securities.

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. In addition, institutions and government-sponsored entities have implemented investment strategies increasing their investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, decreasing their ownership in oil and natural gas entities which may impact the volatility and liquidity of certain securities and put downward pressure on the trading price of those securities, including Touchstone's Common Shares. The effect of these and other factors on the future market price of Touchstone's Common Shares cannot be predicted with certainty.

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 currencies 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 Touchstone's Common 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

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 equity-based 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 in making the rights available to Shareholders. The Company may choose not to offer the rights to Shareholders in certain jurisdictions, 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 the 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 and financial performance, which, in turn, depends on the success of its production efforts, financial requirements, the implementation of its growth strategy, general economic conditions, competitive, regulatory, technical, environmental and other factors, fluctuations in commodity prices, foreign exchange rates, the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends and other conditions existing at such time, many of which will be 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.

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. Based on their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect misstatements, and even those controls determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. 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.

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 crude oil and natural gas prices may increase the risk of impairments recorded on the Company's crude oil and natural gas property investments. Under IFRS, exploration and evaluation and property, plant 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 flow from operations, the charge to net earnings could be viewed unfavourably in the market.

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 flow from operations, net earnings, results of operations and financial condition. The Company strongly depends on the business and technical expertise of its Management, and there is little possibility that this dependence will decrease in the near term.

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 crude oil and natural gas properties in the jurisdictions in which the Company operates may be limited, and competition for such persons is intense. The loss of key members of such workforce, or a substantial portion of it, could result in the failure to implement the Company's business plans and subsequently may have a material negative effect on its business, financial condition and results of operations. There can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operations of its business, and it does not have any key personnel insurance in effect. Contributions of the existing Management team to the immediate and near-term operations of Touchstone are likely to be of central importance. As the Company's business activity grows, it will require additional key financial, administrative, technical and operations staff, as necessary. 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 flow from operations, results of operations, prospects and financial condition. In addition, the Company could experience increased costs to retain and recruit these personnel.

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 crude 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 crude oil and natural gas, but also engage in refining operations and market third-party crude 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 and less volatility in their earnings.

The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and 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. Other factors that could affect competition in the marketplace include additional discoveries of domestic hydrocarbon reserves by Touchstone's competitors, the cost of production, and political, economic and other factors outside of the Company's control.

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 crude oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions or even cancellations of 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 crude oil and natural gas development and the possibility of climate-related litigation against governments and natural resource companies. 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.

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

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.

Acquisitions of oil and natural 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 crude oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of crude oil and natural gas, operating expenses, 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 crude oil and natural gas properties and the Company's securities.

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, at times, 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.

Potential Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company will be subject to in connection with the operations of the Company. Some of the directors and officers are or may become engaged in other crude oil and natural 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 and governed by the procedures and remedies prescribed 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 crude oil and natural gas 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.

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 in the "*Forward-Looking Statements*" advisory section.

ADDITIONAL INFORMATION

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

APPENDIX A

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 in Appendix "B".

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 2022.

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

(signed) "*Peter Nicol*"
Director and Chair of the Reserves Committee

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

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

APPENDIX B

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

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, 2021. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2021, 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, 2021, 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, 2021	Trinidad	-	881,753	-	881,753

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, 2022

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

APPENDIX C

Adopted by the Board of Directors on June 3, 2014 and reapproved on March 25, 2022

TOUCHSTONE EXPLORATION INC. AUDIT COMMITTEE MANDATE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") 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 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 Committee shall consist of at least three directors. The Board shall appoint one member of the Committee to be the Chair.

2. Each director appointed to the 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 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 Committee shall be a member of the Committee until replaced by the Board or until their resignation.

Meetings of the Committee

1. The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or a senior officer of the Corporation. Meetings of the 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 Committee shall be given to each member of the Committee. The auditors shall be given notice of each meeting of the 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 Committee.

3. Notice of a meeting of the 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 Committee shall consist of a majority of the members of the Committee.

6. At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.

7. A member or members of the Committee may participate in a meeting of the 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.

8. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the Secretary of the meeting.

9. The Chair of the Board, senior management of the Corporation and other parties may attend meetings of the Committee; however, the 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.

10. Minutes shall be taken of all meetings of the Committee and shall be made available to the Board. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.

Duties and Responsibilities of the Committee

1. It is the responsibility of the 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 Committee.

2. The 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 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 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 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's discussion and analysis, annual information forms, and all other public disclosure containing significant audited or unaudited financial information before release and prior to Board approval. The 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 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 Committee considers necessary and appropriate;

(c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and

(d) set and pay the compensation for any advisors employed by the Committee.

7. With respect to the appointment of external auditors by the Board, the 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 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 auditors, 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 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 Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by external auditors. The Committee may delegate to one or more members, the authority to pre-approve non-audit services, provided that the member reports to the 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 Committee from time to time.

10. The Committee shall review the Corporation's risk management policies and procedures such as hedging, litigation and insurance, including an annual review of insurance coverage, and report to the Board with respect to its risk assessment process and appropriateness of risk management policies and procedures in managing risk. While the Committee reviews such policies and procedures, the oversight of enterprise risks is retained by the Board.

11. The Committee shall establish and maintain procedures for and, if desired, also engage an independent service provider to assist with:

(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, including the resolution of such complaints or concerns by management or, if warranted, by the Board.

12. The Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.

13. The Committee shall periodically report the results of reviews undertaken and any associated recommendations to the Board.

14. The Committee shall oversee the Corporation's cybersecurity policies and procedures and regularly receive reports from management on its activities to protect the Corporation from cybersecurity risks.

15. The Committee shall review all related party transactions (as defined by applicable regulations) and ensure the nature and extent of such transactions are properly disclosed.

16. The Committee shall review the status of taxation matters of the Corporation and its major subsidiaries.

17. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of the Corporation without any further approval of the Board.

18. The Committee shall conduct or undertake such other duties as may be required from time to time by any applicable regulatory authorities.

19. The Committee shall review and assess, on an annual basis, the adequacy of this Mandate.

CORPORATE INFORMATION

Directors
John D. Wright
Chair of the Board

Paul R. Baay
Kenneth R. McKinnon
Peter Nicol
Beverley Smith
Stanley T. Smith
Thomas E. Valentine
Harrie Vredenburg

Officers and Senior Executives
Paul R. Baay
President and Chief Executive Officer

Scott Budau
Chief Financial Officer

James Shipka
Chief Operating Officer

Brian Hollingshead
Vice President Engineering and Business Development

Alex Sanchez
Vice President Production and Environment

Cayle Sorge
Vice President Finance

Head Office
Touchstone Exploration Inc.
4100, 350 7th Avenue SW
Calgary, Alberta, Canada
T2P 3N9

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

Operating Offices
Touchstone Exploration (Trinidad) Ltd.
#30 Forest Reserve Road
Fyzabad, Trinidad, W.I.

Primera Oil and Gas Limited
#14 Sydney Street
Rio Claro, Trinidad, W.I.

Stock Exchange Listing
Toronto Stock Exchange
London Stock Exchange AIM
Symbol: TXP

Auditor
KPMG LLP
Calgary, Alberta

Reserves Evaluator
GLJ Ltd.
Calgary, Alberta

Legal Counsel
Norton Rose Fulbright LLP
Calgary, Alberta
London, United Kingdom

Nunez and Co.
Port of Spain, Trinidad

Transfer Agent and Registrar
Odyssey Trust Company
Calgary, Alberta

Link Group
London, United Kingdom

UK Nominated Advisor and Joint Broker
Shore Capital
London, United Kingdom

UK Joint Broker
Canaccord Genuity
London, United Kingdom

UK Public Relations
Camarco
London, United Kingdom