Touchstone Exploration Inc.

Interim Consolidated Financial Statements (unaudited)

March 31, 2021

Touchstone Exploration Inc.
Interim Consolidated Statements of Financial Position
Unaudited, stated in thousands of United States dollars

As at	Note	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash		**$ 15,451**	$ 24,281
Accounts receivable	3	**6,144**	4,685
Crude oil inventory		**91**	92
Prepaid expenses		**731**	254
		22,417	29,312
Exploration assets	4	**33,511**	30,680
Property and equipment	5	**41,347**	43,016
Restricted cash	8	**294**	294
Other assets	6	**744**	24
Abandonment fund	10	**1,247**	1,226
Total assets		**$ 99,560**	$ 104,552
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	**$ 11,594**	$ 16,379
Income taxes payable	11	**271**	-
		11,865	16,379
Lease liabilities		**329**	335
Term loan	8	**7,191**	7,176
Other liabilities	9	**1,174**	1,357
Decommissioning liabilities	10	**11,912**	11,919
Deferred income taxes	11	**6,999**	7,021
Total liabilities		**39,470**	44,187
Shareholders' equity			
Shareholders' capital	12	**101,385**	101,385
Contributed surplus		**2,616**	2,476
Accumulated other comprehensive loss		**(13,286)**	(13,331)
Accumulated deficit		**(30,625)**	(30,165)
Total shareholders' equity		**60,090**	60,365
Total liabilities and shareholders' equity		**$ 99,560**	$ 104,552

Commitments (note 16)

See accompanying notes to these unaudited interim consolidated financial statements.

Touchstone Exploration Inc.
Interim Consolidated Statements of Loss and Comprehensive Loss
Unaudited, stated in thousands of United States dollars (except per share amounts)

	Note	Three months ended March 31, 2021	2020
Revenue			
Petroleum sales		**$ 6,120**	$ 6,698
Less: royalties		**(1,843)**	(2,019)
Petroleum revenue		**4,277**	4,679
Other income		**23**	41
		4,300	4,720
Expenses			
Operating		**1,711**	1,975
General and administration		**1,535**	1,167
Net finance	13	**149**	738
Gain on asset dispositions	5,6	**(25)**	-
Foreign exchange loss (gain)	14	**100**	(315)
Equity-based compensation	12	**110**	44
Depletion and depreciation	5	**803**	1,088
Impairment	4,5	**29**	19,303
Total expenses		**4,412**	24,000
Loss before income taxes		**(112)**	(19,280)
Provision for income taxes			
Current expense	11	**341**	32
Deferred expense (recovery)	11	**7**	(10,072)
Total income tax expense (recovery)		**348**	(10,040)
Net loss		**(460)**	(9,240)
Currency translation adjustments		**45**	101
Comprehensive loss		**$ (415)**	$ (9,139)
Net loss per common share			
Basic and diluted	12	**$ (0.00)**	$ (0.05)

See accompanying notes to these unaudited interim consolidated financial statements.

Touchstone Exploration Inc.
Interim Consolidated Statements of Changes in Shareholders' Equity
Unaudited, stated in thousands of United States dollars

	Shareholders' capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Shareholders' equity
As at January 1, 2020	**$ 61,507**	**$ 2,341**	**$ (14,598)**	**$ (19,135)**	**$ 30,115**
Comprehensive loss	-	-	101	(9,240)	(9,139)
Private placement, net of fees (note 12)	10,850	-	-	-	10,850
Equity-based settlements (note 12)	78	(24)	-	-	54
Equity-based compensation expense (note 12)	-	44	-	-	44
Capitalized equity-based compensation (notes 4 and 5)	-	6	-	-	6
As at March 31, 2020	**$ 72,435**	**$ 2,367**	**$ (14,497)**	**$ (28,375)**	**$ 31,930**
As at January 1, 2021	**$ 101,385**	**$ 2,476**	**$ (13,331)**	**$ (30,165)**	**$ 60,365**
Comprehensive loss	**-**	**-**	**45**	**(460)**	**(415)**
Equity-based compensation expense (note 12)	**-**	**110**	**-**	**-**	**110**
Capitalized equity-based compensation (notes 4 and 5)	**-**	**30**	**-**	**-**	**30**
As at March 31, 2021	**$ 101,385**	**$ 2,616**	**$ (13,286)**	**$ (30,625)**	**$ 60,090**

See accompanying notes to these unaudited interim consolidated financial statements.

Touchstone Exploration Inc.
Interim Consolidated Statements of Cash Flows
Unaudited, stated in thousands of United States dollars

	Note		Three months ended March 31, 2021		2020
Cash provided by (used in) the following activities:					
Operating activities					
Net loss		**$**	**(460)**	$	(9,240)
Items not involving cash from operations:					
Gain on asset dispositions	5,6		**(25)**		-
Unrealized foreign exchange loss (gain)	14		**74**		(301)
Equity-based compensation	12		**110**		44
Depletion and depreciation	5		**803**		1,088
Impairment	4,5		**29**		19,303
Other	13		**-**		435
Deferred income tax expense (recovery)	11		**7**		(10,072)
Funds flow from operations			**538**		1,257
Change in non-cash operating working capital			**(1,772)**		(1,333)
Cash used in operating activities			**(1,234)**		(76)
Investing activities					
Exploration asset expenditures	4		**(2,954)**		(1,823)
Property and equipment expenditures	5		**(127)**		(220)
Abandonment fund expenditures	10		**(27)**		(34)
Proceeds from asset dispositions	5,6		**104**		23
Change in non-cash investing working capital			**(4,486)**		(2,894)
Cash used in investing activities			**(7,490)**		(4,948)
Financing activities					
Production liability payments	9		**(81)**		(91)
Net finance lease payments			**(2)**		(23)
Issuance of common shares, net of fees	12		**-**		10,905
Change in non-cash financing working capital			**22**		(26)
Cash (used in) from financing activities			**(61)**		10,765
Change in cash			**(8,785)**		5,741
Cash, beginning of year			**24,281**		6,182
Impact of foreign exchange on foreign denominated cash balances			**(45)**		296
Cash, end of period		**$**	**15,451**	$	12,219
The following are included in cash flow from operating activities:					
Interest paid in cash	8	**$**	**147**	$	291
Income taxes paid in cash	11		**22**		1,147

See accompanying notes to these unaudited interim consolidated financial statements.

1. Reporting Entity

Touchstone Exploration Inc. and its subsidiaries (collectively, the "Company") are engaged in the business of crude oil and natural gas exploration, development, acquisition and production. The Company is currently active in the Republic of Trinidad and Tobago ("Trinidad").

Touchstone Exploration Inc. is incorporated under the laws of Alberta, Canada with its head and principal office located at 4100, 350 7th Avenue SW, Calgary, Alberta, Canada T2P 3N9. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") and on the AIM market of the London Stock Exchange ("AIM") under the symbol "TXP".

The Company's operations are viewed as a single operating segment by the chief operating decision makers of the Company for the purposes of resource allocation and assessing performance.

2. Basis of Preparation and Statement of Compliance

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements are condensed as they do not include all the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020 (the "2020 annual financial statements"). Unless otherwise stated, amounts presented in these financial statements are denominated in United States dollars ("$" or "US$").

The financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Note 3 "Significant Accounting Policies" of the Company's 2020 annual financial statements. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous financial year. All inter-entity transactions have been eliminated upon consolidation between the Company and its subsidiaries in these financial statements.

The preparation of financial statements requires Management to use judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting period. A full list of the significant estimates and judgements made by Management in the preparation of these financial statements are included in Note 4 "Use of Estimates, Judgements and Assumptions" of the Company's 2020 annual financial statements. Changes to any of these estimates, judgements and assumptions could result in a material adjustment to the carrying values of assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis, and any revisions to accounting estimates are recognized in the period in which the estimates are revised.

These financial statements were approved by the Company's Board of Directors (the "Board") on May 12, 2021.

3. Financial Assets and Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. As at March 31, 2021, the Company was exposed to credit risk with respect to its accounts receivable and long-term finance lease receivable balances. The credit risk associated with the Company's finance lease receivables are considered negligible as the assets are secured by the underlying equipment, with ownership transferring to the counterparties subsequent to receipt of the final lease payments (see note 6).

The Company's credit exposure on accounts receivable typically pertains to petroleum revenue for monthly production volumes sold to Heritage Petroleum Company Limited ("Heritage") and value added taxes ("VAT") due from the Trinidad government. As at March 31, 2021, $2,092,000 of petroleum sales was included in accounts receivable, representing approximately 34 percent of the Company's consolidated accounts receivable balance (December 31, 2020 - $1,161,000 and 25 percent, respectively). In addition, $3,542,000 of the Company's consolidated accounts receivable was comprised of VAT as at March 31, 2021, which represented approximately 58 percent of the total balance (December 31, 2020 - $3,031,000 and 65 percent, respectively).

As at March 31, 2021, the Company determined that the average expected credit loss on the Company's accounts receivables was $nil (December 31, 2020 - $nil). The Company believes that the accounts receivable balances that are past due are ultimately collectible, as the majority are due from the Trinidad government for VAT, and although the timing of settlement is uncertain, the Company has not historically experienced any collection issues. The aging of accounts receivable as at March 31, 2021 and December 31, 2020 is disclosed in the following table.

($000's)	**March 31, 2021**	December 31, 2020
Not past due	**3,352**	2,781
Past due (greater than 90 days)	**2,792**	1,904
Accounts receivable	**6,144**	4,685

4. Exploration Assets

($000's)	**Three months ended March 31, 2021**	Year ended December 31, 2020
Balance, beginning of year	**30,680**	13,579
Additions	**2,979**	17,909
Impairment	**(29)**	(821)
Effect of change in foreign exchange rates	**(119)**	13
Balance, end of period	**33,511**	30,680

During the three months ended March 31, 2021, $200,000 of direct and attributable overhead charges were capitalized to exploration assets (2020 - $62,000).

Impairment

During the three months ended March 31, 2021, the Company incurred $29,000 in lease expenses (2020 - $nil) relating to its Cory Moruga licence, which were impaired given the property's estimated recoverable value was $nil.

The March 31, 2021 exploration asset carrying value of $33,511,000 was included in the Ortoire cash-generating unit ("CGU"). When considering all factors collectively, no indicators of impairment were identified by the Company as at March 31, 2021.

5. Property and Equipment

($000's)	Petroleum assets	Right of use assets	Corporate assets	Total
Cost				
Balance, January 1, 2020	140,078	370	1,908	142,356
Additions	1,024	242	-	1,266
Decommissioning liability change in estimate (note 10)	496	-	-	496
Foreign exchange translation	(188)	19	36	(133)
Balance, December 31, 2020	**141,410**	**631**	**1,944**	**143,985**
Additions	**132**	**-**	**-**	**132**
Decommissioning liability change in estimate (note 10)	**(22)**	**-**	**-**	**(22)**
Transfer to other assets (note 6)	**(1,271)**	**-**	**-**	**(1,271)**
Foreign exchange translation	**(520)**	**3**	**23**	**(494)**
Balance, March 31, 2021	**139,729**	**634**	**1,967**	**142,330**
Accumulated depletion, depreciation and impairment				
Balance, January 1, 2020	84,719	174	1,733	86,626
Depletion and depreciation	3,270	169	65	3,504
Impairment	10,623	-	-	10,623
Decommissioning liability change in estimate (note 10)	413	-	-	413
Foreign exchange translation	(241)	8	36	(197)
Balance, December 31, 2020	**98,784**	**351**	**1,834**	**100,969**
Depletion and depreciation	**780**	**13**	**10**	**803**
Transfer to other assets (note 6)	**(411)**	**-**	**-**	**(411)**
Foreign exchange translation	**(400)**	**-**	**22**	**(378)**
Balance, March 31, 2021	**98,753**	**364**	**1,866**	**100,983**
Carrying amounts				
Balance, December 31, 2020	42,626	280	110	43,016
Balance, March 31, 2021	**40,976**	**270**	**101**	**41,347**

During the three months ended March 31, 2021, $65,000 of direct and attributable overhead charges were capitalized to property and equipment (2020 - $106,000).

Impairment

On March 31, 2021, the Company evaluated its petroleum assets for indicators of any potential impairment or related reversal. As a result of this assessment, no indicators were identified.

As a result of the onset of the COVID-19 pandemic, global crude oil oversupply and the resulting drastic decrease in forecasted crude oil prices compared to those at December 31, 2019, indicators of impairment were identified for all petroleum asset CGUs on March 31, 2020. Based on the results of impairment tests conducted, the Company recognized aggregate impairment losses of $19,215,000 on its Coora, WD-4 and WD-8 CGUs during the three months ended March 31, 2020.

Dispositions

During the three months ended March 31, 2021, the Company sold excess vehicles to various third parties, resulting in an aggregate gain on sale of $29,000 (2020 - $nil).

Lease operatorship agreements

In April 2021, the Company further extended the terms of its lease operatorship agreements with Heritage governing its core Coora-1, Coora-2, WD-4 and WD-8 development blocks to May 31, 2021. The agreements were originally set to expire on December 31, 2020 and were extended under pre-existing terms and conditions while Heritage seeks regulatory approvals regarding new ten-year lease agreements for each property.

6. Other Assets

The following table sets forth the components of other assets for the reporting periods indicated.

($000's)	**March 31, 2021**	December 31, 2020
Long-term prepaid deposits	**27**	24
Finance lease receivable	**717**	-
Other assets	**744**	24

Effective March 1, 2021, the Company entered into separate three-year arrangements to lease its oilfield service rigs and swabbing units to two third party contractors for aggregate proceeds of approximately $1,120,000. Principal payments commenced in March 2021, and the Company continues to hold title to the assets until all principal payments have been collected. The lease arrangements were classified as finance leases, as substantially all of the risks and rewards incidental to ownership of the underlying assets are held by the lessees. During the three months ended March 31, 2021, the $860,000 carrying value of the leased assets were reclassified from property and equipment to other assets on the consolidated statement of financial position. An aggregate loss of $4,000 was recorded in connection with the transactions.

The following table details the movements of the Company's finance lease receivable for the periods indicated.

($000's)	**Three months ended March 31, 2021**	Year ended December 31, 2020
Balance, beginning of year	**-**	376
Additions	**856**	-
Interest income	**7**	18
Payments received	**(13)**	(109)
Lease termination	**-**	(285)
Effect of change in foreign exchange rates	**(1)**	-
Balance, end of period	**849**	-
Current (included in accounts receivable)	**132**	-
Non-current (included in other assets)	**717**	-
Finance lease receivable	**849**	-

7. Financial Liabilities and Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. Although the effects of COVID-19 had a material impact on the Company's realized crude oil prices in 2020, the Company believes that future cash flows and debt capacity will be adequate to meet financial obligations as they come due.

The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows from operating, investing and financing activities and opportunities to withdraw from its existing debt facility or to issue additional equity. The Company's near-term development plan is strategically balanced between maintaining base production levels and proceeding with exploratory activities. The Company will continue to manage its capital expenditures to reflect current financial resources in the interest of sustaining long-term viability.

Refer to Note 8 "Term Loan", Note 15 "Capital Management" and Note 16 "Commitments" for further details regarding the Company's debt structure and capital management objectives.

The following table sets forth estimated undiscounted cash outflows and financial maturities of the Company's financial liabilities as at March 31, 2021.

($000's)	Undiscounted cash outflows	Financial maturity by period: Less than 1 year	1 to 3 years	Thereafter
Accounts payable and accrued liabilities	**11,594**	11,594	-	-
Income tax payable (note 11)	**271**	271	-	-
Lease liabilities	**434**	61	130	243
Term loan principal (note 8)	**7,500**	-	2,625	4,875
Term loan interest (note 8)	**2,257**	589	1,014	654
Estimated production liabilities (note 9)	**2,435**	384	2,051	-
Total financial liabilities	**24,491**	**12,899**	**5,820**	**5,772**

8. Term Loan

The Company's indirect wholly owned Trinidadian subsidiary entered into a $20 million, seven-year term credit facility arrangement (the "Term Loan") from a Trinidad based financial institution effective June 15, 2020. On closing, the Company withdrew $15 million to satisfy the Company's obligations relating to prepaying the Company's Canadian dollar ("C$") denominated $20 million term loan (the "Retired Term Loan").

On November 27, 2020, the Company and its lender executed an amending agreement to the Term Loan, allowing the Company to repay $7.5 million of the $15 million principal balance on December 15, 2020. Pursuant to the Term Loan Amending Agreement, the Company has the option to withdraw the remaining $12.5 million available balance prior to June 15, 2021.

The Term Loan is a senior secured syndicated loan, with the lender acting as initial lender, arranger and administrative agent. The Term Loan bears a fixed interest rate of 7.85% per annum, compounded and payable quarterly. Twenty equal and consecutive quarterly principal payments commence on September 15, 2022. Prepayments are permitted after one year with a 1.0% penalty and a 30-day notice period, and no penalty shall apply on principal repayments after three years. The Term Loan is principally secured by a pledge of equity interests and fixed and floating security interests over all present and after acquired assets of the Trinidad subsidiary and its wholly owned Trinidad exploration and production subsidiary. The Term Loan contains industry standard representations and warranties, undertakings, events of default, and financial covenants, which will be tested on an annual basis commencing with the year ended December 31, 2022.

At all times, the Company must maintain a cash reserves balance of not less than the equivalent of two subsequent quarterly interest payments. Accordingly, the Company classified $294,000 as long-term restricted cash on the consolidated statement of financial position as at March 31, 2021 (December 31, 2020 - $294,000).

The Term Loan is measured at amortised cost, with the aggregate associated financing fees unwound using the effective interest rate method to the face value at maturity. The following table details the movements of the Company's term loan balance for the periods indicated.

($000's)	**Retired Term Loan liability**	**Term Loan liability**	**Total**
Balance, January 1, 2020	13,966	-	13,966
Advance, net of transaction fees	-	14,617	14,617
Payments	(14,750)	(7,500)	(22,250)
Revaluation loss on prepayment	1,158	-	1,158
Accretion	173	59	232
Effect of change in foreign exchange rates	(547)	-	(547)
Balance, December 31, 2020	**-**	**7,176**	**7,176**
Accretion	**-**	**15**	**15**
Balance, March 31, 2021	**-**	**7,191**	**7,191**

9. Other Liabilities

In connection with the inception of the Retired Term Loan, the Company granted its former lender a production payment equal to 1.33 percent of petroleum sales from Trinidad land holdings, payable quarterly through October 31, 2023. Upon repayment of the Retired Term Loan, the Company and the lender entered into an amended production payment agreement to continue the obligation under its previous terms and conditions. The production liability is revalued at each reporting period based on internally estimated future production and forward petroleum pricing forecasts (considered level 3 inputs within the fair value hierarchy). The following table details the movements of the Company's production liability for the periods indicated.

($000's)	**Three months ended March 31, 2021**	Year ended December 31, 2020
Balance, beginning of year	**1,519**	989
Revaluation (gain) loss	**(71)**	759
Payments	**(81)**	(262)
Effect of change in foreign exchange rates	**17**	33
Balance, end of period	**1,384**	1,519
Current (included in accounts payable and accrued liabilities)	**210**	162
Non-current (included in other liabilities)	**1,174**	1,357
Total production liability	**1,384**	1,519

10. Decommissioning Liabilities and Abandonment Fund

The Company's decommissioning liabilities were calculated 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. Payments to settle the obligations occur over the operating lives of the underlying assets, forecasted to be from one to nineteen years, with the majority of the costs estimated to be incurred subsequent to 2031. The liabilities are expected to be funded from the abandonment fund discussed herein and the Company's internal resources available at the time of settlement.

Pursuant to Heritage and Trinidad and Tobago Ministry of Energy and Energy Industries ("MEEI") production and exploration licences and agreements, the Company is obligated to remit payments into abandonment funds based on production. The Company remits $0.25 per barrel of crude oil sold, and the funds will be used for the future abandonment of wells in the related licenced area. As at March 31, 2021, the Company classified $1,247,000 of accrued or paid fund contributions as non-current abandonment fund assets (December 31, 2020 - $1,226,000).

The Company estimated the net present value of the cash flows required to settle its decommissioning liabilities to be $11,912,000 as at March 31, 2021 based on an inflation adjusted future liability of $18,847,000 (December 31, 2020 - $11,919,000 and $18,982,000, respectively). Decommissioning liabilities were estimated as at March 31, 2021 using a weighted average long-term risk-free rate of 4.9 percent and a long-term inflation rate of 1.8 percent (December 31, 2020 - 4.9 percent and 1.8 percent, respectively). The following table summarizes the Company's estimated decommissioning liability provision for the periods indicated.

($000's)	**Three months ended March 31, 2021**	Year ended December 31, 2020
Balance, beginning of year	**11,919**	11,547
Liabilities incurred	**4**	115
Accretion expense	**63**	297
Revisions to estimates	**(26)**	(25)
Effect of change in foreign exchange rates	**(48)**	(15)
Balance, end of period	**11,912**	11,919

11. Income Taxes

The following table is a reconciliation of income taxes calculated by applying the applicable Trinidad statutory petroleum tax rates to net earnings before income tax expense.

($000's unless otherwise stated)	**Three months ended March 31,**	
	2021	2020
Net loss before income taxes	**(112)**	(19,280)
Trinidad statutory rate	**55.00%**	55.00%
Expected income tax recovery at statutory rate	**(62)**	(10,604)
Effect on income tax resulting from:		
Supplemental petroleum tax	**-**	6
Deductible supplemental petroleum tax	**-**	(3)
Benefit of tax assets not recognized	**28**	324
Tax rate differential	**322**	375
Other	**60**	(138)
Total provision for income taxes	**348**	(10,040)

The net deferred income tax liability solely relates to the Company's Trinidad operations. The following table details the components of the liability for the three months ended March 31, 2021.

($000's)	December 31, 2020	**Recognized in equity**	**Recognized in earnings (loss)**	**March 31, 2021**
Property and equipment	(16,264)	**65**	**303**	**(15,896)**
Decommissioning liabilities	579	**(2)**	**8**	**585**
Term loan	(159)	**-**	**25**	**(134)**
Loss carry forwards	6,084	**(25)**	**(684)**	**5,375**
Other	2,739	**(9)**	**341**	**3,071**
Net deferred income tax liability	(7,021)	**29**	**(7)**	**(6,999)**

As reflected in the table above, the Company's March 31, 2021 net deferred tax liability includes an aggregate $9,031,000 of deferred tax assets, which are reviewed at each reporting date to assess whether it is probable that the related tax benefit will be realized in the future (December 31, 2020 - $9,402,000). As at March 31, 2021, the Company estimated that future taxable income was sufficient to realize the deferred tax asset. The estimates used to determine future taxable income are subject to measurement uncertainty, and actual results could differ from estimates.

The following table is a continuity schedule of the Company's current income tax payable for the periods indicated.

($000's)	**Three months ended March 31, 2021**	Year ended December 31, 2020
Balance, beginning of year	**-**	1,329
Current income tax expense	**341**	274
Income tax payments	**(22)**	(1,654)
Income tax refunds	**-**	4
Instalments reclassed (from) to accounts receivable	**(49)**	49
Effect of change in foreign exchange rates	**1**	(2)
Balance, end of period	**271**	-

12. Shareholders' Capital

Issued and outstanding common shares

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value.

	Number of shares	**Shareholders' capital** *($000's)*
Balance, January 1, 2020	160,703,095	61,507
Issued pursuant to private placements, net of fees	46,791,866	39,236
Equity-based settlements	1,904,666	642
Balance, December 31, 2020 and March 31, 2021	**209,399,627**	**101,385**

2020 private placements

On November 12, 2020, the Company completed a private placement directed toward United Kingdom and Canadian investors, whereby gross proceeds of $30,385,000 were raised by way of issuing 24,291,866 common shares at a price of 95 pence sterling and C$1.64 per common share. Fees incurred from the private placement were $1,999,000, which included brokerage commissions and legal and corporate finance advisory fees, resulting in net proceeds of $28,386,000.

The Company completed a private placement on February 26, 2020 directed toward United Kingdom investors, raising gross proceeds of $11,654,000 by issuing 22,500,000 common shares at a price of 40 pence sterling (approximately C$0.69) per common share. Share issuance costs of $804,000 were incurred, resulting in net proceeds of $10,850,000.

Equity compensation plans

Share option plan

The Company has a share option plan pursuant to which options to purchase common shares of the Company may be granted by the Board to directors, officers, employees and consultants of the Company. The exercise price of each option may not be less than the volume weighted average trading price per common share on the TSX for the five consecutive trading days ending on the last trading day preceding the grant date. Compensation expense is recognized as the options vest. Unless otherwise determined by the Board, vesting typically occurs one third on each of the next three anniversaries of the grant date as recipients render continuous service to the Company, and the share options typically expire five years from the date of the grant.

	Number of share options	Weighted average exercise price C$
Outstanding, January 1, 2020	8,740,600	0.26
Granted	2,892,000	0.64
Exercised	(1,904,666)	0.30
Expired	(147,500)	2.10
Cancelled	(28,000)	0.42
Outstanding, December 31, 2020 and March 31, 2021	**9,552,434**	**0.34**
Exercisable, December 31, 2020 and March 31, 2021	**4,425,503**	**0.20**

Incentive share compensation plan

The Company formerly had an incentive share compensation plan which provided for the grant of incentive share options to purchase common shares of the Company at a C$0.05 exercise price. The Company terminated the incentive option plan effective February 16, 2021. There were no outstanding incentive share options as of March 31, 2021 and December 31, 2020, and no incentive share options were awarded since 2014.

During the three months ended March 31, 2021, the Company recorded equity-based compensation expenses of $110,000 in relation to equity compensation plans (2020 - $44,000).

Weighted average common shares

The following table sets forth the details of weighted average common shares used in calculating net loss per common share.

	Three months ended March 31,	
	2021	2020
Weighted average common shares, basic	**209,399,627**	169,360,911
Dilutive impact of equity-based compensation	**-**	-
Weighted average common shares, diluted	**209,399,627**	169,360,911

There was no dilutive impact to the weighted average number of common shares for the three months ended March 31, 2021, as approximately 8.2 million share options were excluded from the diluted weighted average shares calculation as they were anti-dilutive (2020 - 5.2 million).

13. Net Finance Expenses

($000's)	Three months ended March 31,	
	2021	2020
Interest income	**(2)**	(6)
Lease liability interest expense	**5**	5
Term loan interest expense (note 8)	**146**	299
Accretion on term loan (note 8)	**15**	124
Production liability revaluation (gain) loss (note 9)	**(71)**	260
Accretion on decommissioning liabilities (note 10)	**63**	102
Other	**(7)**	(46)
Net finance expenses	**149**	738
Cash net finance expenses	**149**	302
Non-cash net finance expenses	**-**	436
Net finance expenses	**149**	738

14. Financial Instruments and Market Risk Management

Financial instruments

As at March 31, 2021, the Company's financial instruments include cash, accounts receivable, restricted cash, finance lease receivable (included in other assets on the consolidated statements of financial position), accounts payable and accrued liabilities, income taxes payable, lease liabilities, term loan and production liabilities (included in other liabilities on the consolidated statements of financial position).

The Company's financial instruments that are carried at fair value on the consolidated statements of financial position include production liabilities (see note 9). The carrying values of the Company's accounts receivable, accounts payable and accrued liabilities and income taxes payable as of March 31, 2021 approximate their fair values due to the short-term nature of these instruments.

Market risk management

The Company is exposed to normal financial risks inherent in the international oil and gas industry including, but not limited to, commodity price risk, foreign exchange rate risk and credit risk. The risk exposures are proactively reviewed by the Company, and Management seeks to mitigate these risks through various business processes and management controls.

Management of cash flow variability is an integral component of the Company's business strategy. Changing business conditions are monitored regularly and, where material, reviewed with the Board to establish risk management guidelines to be used by Management.

Commodity price risk

The Company's operational and financial results are largely dependent on the commodity prices received from petroleum production. Movement in commodity prices could have a significant positive or negative effect on the Company's net earnings and cash flows. To mitigate this risk, the Company maintains a risk management strategy to protect funds flow from operations from the volatility of commodity prices. The Company's 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. The Company had no commodity-based risk management contracts in place as at or during the three months ended March 31, 2021 and 2020. The Company will continue to monitor forward commodity prices and may enter future commodity-based risk management contracts to reduce the volatility of petroleum sales and protect future development and exploration capital programs.

Foreign currency risk

Foreign currency exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. As the Company primarily operates in Trinidad, fluctuations in the exchange rate between the the Trinidad and Tobago dollar ("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. 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 Canadian dollars and pounds sterling, head office costs and production liabilities denominated and payable in Canadian dollars, and costs denominated and payable in pounds sterling required to maintain its

AIM listing. Any material movements in the C$ to US$ and the pound sterling to US$ exchange rates may result in unanticipated fluctuations or have a material effect on the Company's reporting results.

The Company's foreign currency policy is to monitor foreign currency risk exposure in its areas of operations and mitigate that risk where possible by matching foreign currency denominated expenses with petroleum sales denominated in foreign currencies. The Company attempts to limit its exposure to foreign currency risk through collecting and paying foreign currency denominated balances in a timely fashion. The Company had no contracts in place to manage foreign currency risk as at or during the three months ended March 31, 2021 and 2020.

15. Capital Management

The Company's policy is to maintain a strong capital base to preserve investor, creditor, and market confidence and to sustain the future development of the business. The Company considers its capital structure to include shareholders' equity, working capital and bank debt. The Company's long-term goal is to fund current period decommissioning and capital expenditures necessary for the replacement of production declines using only funds flow from operations. Exploration activities and profitable growth activities will be financed with a combination of funds flow from operations and other sources of capital. The Company uses share equity and term debt as primary sources of capital.

When evaluating the Company's capital structure, Management's long-term strategy is to maintain net debt to trailing twelve-month funds flow from operations at or below a ratio of 2.0 times in a normalized commodity price environment. This ratio may increase at certain times as a result of increased capital expenditures or low commodity prices. The Company also monitors its capital management through the net debt to net debt plus equity ratio. The Company's strategy is to utilize more equity than debt, thereby targeting net debt to net debt plus equity at a ratio of less than 0.4 to 1. Net (surplus) debt is a Non-IFRS measure calculated by summing the Company's working capital and the principal (undiscounted) non-current amount of senior secured debt. Working capital is a Non-IFRS measure calculated as current assets minus current liabilities as they appear on the consolidated statements of financial position. Net (surplus) debt is used by Management as a key measure to assess the Company's liquidity. Funds flow from operations is an additional IFRS measure included in the Company's consolidated statements of cash flows. Net (surplus) debt and funds flow from operations are not standardized measures and therefore may not be comparable to similar measures presented by other companies. The Company's internal capital management calculations for the three months ended March 31, 2021 and year ended December 31, 2020 are set forth in the table below.

($000's)	**Target measure**	**March 31, 2021**	December 31, 2020
Current assets		**(22,417)**	(29,312)
Current liabilities		**11,865**	16,379
Working capital surplus		**(10,552)**	(12,933)
Principal non-current balance of term loan		**7,500**	7,500
Net surplus		**(3,052)**	(5,433)
Shareholders' equity		**60,090**	60,365
Net surplus plus equity		**57,038**	54,932
Trailing twelve-month funds flow (used in) from operations(1)		**(456)**	263
Net debt to funds flow from operations	**at or < 2.0 times**	**n/a**	n/a
Net debt to net debt plus equity	**< 0.4 times**	**n/a**	n/a

Note:
(1) Trailing twelve-month funds flow used in operations as at March 31, 2021 includes the sum of funds flow from operations for the three months ended March 31, 2021 and funds flow used in operations for the April 1 through December 31, 2020 interim period.

As of March 31, 2021, the Company recognized negative trailing twelve-month funds flow from operations. Funds flow used in operations was $994,000 for the nine-month period ended December 31, 2020, predominately from low realized crude oil pricing received in 2020 combined with decreased operational and capital development investment incurred in the period as part of the Company's response to COVID-19. The Company believes that its current available credit facility capacity of $12.5 million combined with anticipated funds flow from operations based on improved crude oil pricing will be sufficient to satisfy its 2021 minimum work commitments and exploration activities.

16. Commitments

The Company has 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, commitments regarding a long-term drilling rig contract and various lease commitments for office space and motor vehicles. The following table sets forth the Company's estimated minimum contractual capital requirements as at March 31, 2021.

($000's)		Estimated payments due by year			
	Total	**2021**	**2022**	**2023**	**Thereafter**
Operating agreements	**1,713**	831	75	76	731
Exploration agreements	**11,486**	8,014	194	202	3,076
Drilling rig commitments	**3,880**	1,240	960	960	720
Other commitments	**995**	313	128	128	426
Minimum payments	**18,074**	**10,398**	**1,357**	**1,366**	**4,953**

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

The Company has completed negotiations regarding new ten-year lease operatorship agreements relating to its Coora-1, Coora-2, WD-4 and WD-8 development blocks with Heritage (see note 5). The arrangements include licence fees and minimum work obligations for each property which are not disclosed in the table above.

The Company's Ortoire exploration and production licence, which was originally set to expire on October 31, 2020, was extended for an additional nine-month term through July 31, 2021. Pursuant to the licence amendment, the Company's 2D seismic commitment was reduced from 85-line to 20-line kilometres, and the Company is required to drill an additional exploration well to a true vertical depth of 10,000 feet prior to June 2021. As at March 31, 2021, the Company drilled four of five minimum commitment wells and commenced the required seismic program. In February 2021, the MEEI approved the Company's field development plan for the Coho area, which extends the exploration and production licence for the defined 1,317-acre area through October 31, 2039.

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