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25 May 2017

Touchstone Exploration Inc. ("Touchstone" or the "Company")

Proposed admission to AIM and conditional placing of 20,000,000 shares in the UK to develop liquidity with the listing

Touchstone Exploration Inc. (TSX: TXP), the Toronto Stock Exchange ("**TSX**") listed oil and gas exploration and production company active in the Republic of Trinidad and Tobago ("**Trinidad**"), today announces that it is proposing to raise approximately £1.45 million (before expenses) through a private placement ("**Private Placement**"). A total of 20,000,000 new common shares have been conditionally placed ("**Placing Shares**"), at an issue price of 7.25 pence (approximately C\$0.1276) per Placing Share ("**Placing Price**") with new UK institutional investors.

In addition, the Company announces its intention to seek a dual listing by applying for admission of its issued and to be issued common shares of no par value ("**Common Shares**") to trading on the AIM market of the London Stock Exchange ("**Admission**"). Dealings are expected to commence on AIM on 26 June 2017.

The issuance of the Placing Shares is conditional on customary closing conditions, including the Admission becoming effective and the approval of the Private Placement by the TSX.

Highlights:

Touchstone has an experienced management and executive team with a track record of delivering value to shareholders

- Paul Baay, President and Chief Executive Officer of Touchstone, founded True Energy Inc. which increased production between 2000 and 2007 from 350 boepd to 20,000 boepd
- True Energy Inc. then split into Bellatrix Exploration Inc. and Vero Energy Inc.; subsequently Vero Energy Inc. was sold to TORC Oil and Gas Ltd. for approximately C\$200 million in 2012

Touchstone is one of the largest independent onshore oil producers in Trinidad, currently producing 1,300 bbls/d

- Operator of approximately 78,000 gross acres of exploration and development rights

Touchstone has a low risk production business model with material upside

- Low finding and development costs: C\$7.35 per barrel for proved reserves and C\$6.00 per barrel for proved plus probable reserves
- Low operating costs per barrel and low decline rate – resilient in a low oil price environment
- 208 potential development drilling locations and potential exploration upside

Touchstone has a strong reserve base

- Proved reserves of 8.97 Mbbbl with an net present value ("**NPV**") (10% discount after tax) of C\$72.7 million and a reserve life index of 15.1 years

- Proved plus probable reserves of 15.7 Mbbl with an NPV (10% discount after tax) of C\$130.7 million and a reserve life index of 24.0 years
- Proved plus probable plus possible reserves of 20.4 Mbbl with an NPV (10% discount after tax) of C\$169.0 million with a reserve life index of 28.7 years
- Only 37.5% of potential drilling locations booked under the proved plus probable case

Touchstone has an active work programme fully funded by existing cash resources

- Initial program for the drilling of 4 new wells and 24 recompletions in 2017

Touchstone has strong financials and operating cash flows

- C\$13.0 million of cash as at March 31, 2017
- Operationally cash generative - C\$6.1 million of cash generated from operations in FY2016
- C\$15 million, five-year term loan with no mandatory repayments of principal until January 2019

Shore Capital is acting as Nominated Adviser and Joint Broker to the Company alongside GMP FirstEnergy who is acting as Joint Broker.

Paul Baay, President and Chief Executive Officer of Touchstone said: *"I am delighted to announce our intention to dual list on AIM. We have a low risk, cash-generative production company in a proven petroleum region. Our growth strategy involves an initial program for the drilling of 4 new wells and 24 well recompletions in 2017, of which we are pleased to announce the first well has reached target depth. I look forward to welcoming our new investors when Touchstone lists on AIM."*

Reasons for Admission and use of proceeds

The Director's reasons for seeking Admission are as follows:

- to enhance liquidity for the Company's shareholders and provide more direct access to the London capital markets;
- to enable the Company to access a wider range of potential investors and broaden its investor base;
- to improve the Company's ability to access further funding from international capital markets and to finance the future growth of the business consistent with its current strategy; and
- to enhance the Company's reputation and financial standing within Trinidad.

The gross proceeds of the Private Placement are expected to be approximately £1.45 million which, together with existing cash balances, are expected to be used in drilling and development operations in 2017, for settlement of fees in respect of the transaction, and for general working capital purposes.

Application for admission to trading on AIM

In conjunction with the Private Placement, the Company today announces its intention to seek a dual listing by applying for admission of its issued and to be issued Common Shares to trading on the AIM market of the London Stock Exchange. Dealings are expected to commence on AIM on 26 June 2017. The Private Placement is conditional upon Admission becoming effective.

The Company's 83,137,143 existing Common Shares (via Depositary Interests through CREST) will be freely transferable on AIM. However, in respect of the Placing Shares, there is a temporary restriction on the transfer of such Placing Shares into Canada for a period of four months and one day from the day on which the Placing Shares are issued (the "**Initial Restricted Period**"). During the Initial Restricted Period trading of the Placing Shares will not constitute "good delivery" on the TSX.

The restriction on such transfers is described more fully in the appendix to the Schedule 1 announcement, which will be available on the Company's website (www.touchstoneexploration.com). Such restriction will lapse following the Initial Restriction Period and all of the Common Shares,

including the Placing Shares, will be freely transferable on the TSX. On Admission the following Common Shares will be admitted to trading on AIM:

- 83,137,143 existing Common Shares, under the ticker TXP (ISIN: CA89156L1085, SEDOL: BD8ZCD4).
- 20,000,000 new Common Shares, under the ticker TXPR (ISIN: CA89156L2075, SEDOL: BD8ZCF6).

The two lines of stock (collectively, the “**Enlarged Share Capital**”) will merge on conclusion of the Initial Restricted Period and trade under the ticker TXP.

Pursuant to the Private Placement, the Company's joint brokers, Shore Capital and GMP FirstEnergy, have placed 20,000,000 Placing Shares with investors at an issue price of 7.25 pence (approximately C\$0.1276) per Placing Share conditional, inter alia, on Admission. The Placing Price represents a 20 percent discount to C\$0.1589, which is the volume weighted average price of the Common Shares for the five trading days ending May 17, 2017. A price protection form was filed with the TSX on May 17, 2017. The Placing Price was negotiated at arm's length between the Company and the joint brokers.

Pursuant to the rules of the TSX, the Company is required to seek conditional acceptance from the TSX for the Private Placement and it will provide notification to the TSX of its intention to apply for its Enlarged Share Capital to be admitted to trading on AIM.

Significant Shareholders on Admission

Name	Number of Common Shares	Percentage of Enlarged Share Capital
Polar Asset Management Partners Inc.	14,719,000	14.3
City Financial Investment Company	6,910,345	6.7
John David Wright	4,745,027	4.6

Publication of Competent Person's Report (“CPR”)

In conjunction with the dual-listing of the Company's Common Shares on AIM, the Company appointed GLJ Petroleum Consultants Ltd. to prepare a CPR which estimated the reserves associated with the Company's interests in Trinidad as at 31 December 2016. A summary of the gross reserves associated with the Company's interests in Trinidad are presented in the table below.

	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Total Oil (Mbbbl)
Proved			
Proved producing	3,955	651	4,606
Proved non-producing	735	213	948
Proved undeveloped	2,890	533	3,423
Total Proved	7,580	1,397	8,977
Probable	5,914	808	6,722
Total Proved Plus Probable	13,494	2,205	15,698
Possible	4,020	657	4,678
Total Proved Plus Probable Plus Possible	17,514	2,862	20,376

Notes:

1. Gross Reserves are the Company's working interest share of the remaining reserves before deduction of any royalties.
2. Amounts may not add due to rounding.
3. See “Other Advisories”.

For reference purposes in this announcement, one British pound has been translated into Canadian dollars at a rate of 1 to 1.76.

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Notes to Editors

Touchstone is an oil exploration and production company active in Trinidad, with an experienced management and executive team which has a track record of delivering value to shareholders. Touchstone is one of the largest independent onshore oil producers in Trinidad, currently producing 1,300 bbls/d and has a low risk production business model, with a strong reserve base of proved reserves of 8.97 Mbbl, proved plus probable reserves of 15.7 Mbbl and proved plus probable plus possible reserves of 20.4 Mbbl.

Strategy

Touchstone's long-term strategy is to leverage the Board of Director's (the "**Board**") enhanced oil recovery experience and capability to develop international onshore properties to create shareholder value. Throughout 2016 the Board executed on this strategy deploying exploration and development capital with financial discipline, focused on operations directly related to maintaining production from the Company's core Trinidad developmental properties. Touchstone's strategy is to spend 10% of its capital budget on exploration. The Board believes there are compelling economics behind focusing capital expenditures on the development of the Company's existing production assets.

Directors and Proposed Directors

The Board on Admission will comprise:

John David Wright (aged 56) – Non-Executive Chairman

Mr. John D. Wright has been a Director, President and Chief Executive Officer of Ridgeback Resources Inc. since January 2017 and is currently Chairman of the Board of Touchstone Exploration (formerly Petrobank Energy and Resources Ltd.) and Chairman of the Board of Alvopetro Energy Ltd. Previously, Mr. Wright was a Director, President and Chief Executive Officer of Lightstream Resources Ltd. (formerly PetroBakken Energy Ltd.) since 2012 and Petrobank Energy and Resources Ltd. since 2000. From June 2006 to December 2010 Mr. Wright was a Director, President and Chief Executive Officer of Petrominerales Ltd. and then Chairman of the Board from December 2010 until December 2013. Mr. Wright is a past Chairman of the World Petroleum Council-Canada, past Governor of CAPP and founder of Fundación Nan Paz in Ecuador and of Fundación Vichituni in Colombia. Mr. Wright holds a B.Sc. in Petroleum Engineering from the University of Alberta (1981) and a Charter Financial Analyst (CFA) designation (1988).

Paul Raymond Baay (aged 54) - President and Chief Executive Officer

Mr. Baay has over 25 years of experience leading oil and gas exploration and production companies. Mr. Baay has been a Director, President and Chief Executive Officer and Chief Executive Officer of Touchstone since May 2014. Mr. Baay was formerly the Chairman of the Board of Directors and Chief

Executive Officer of Touchstone Energy Inc. from July 2010 to May 2014. Prior thereto, Mr. Baay was Managing Director of Abacus Energy, part of Abacus Private Equity from 2007 through 2010 and was a senior officer of True Energy Inc. from 2000 through 2007. From 1998 to 2000 Mr. Baay was the Chairman of the Board of Directors of Request Seismic Surveys Ltd. and served as a Director, President and Chief Executive Officer of Remington Energy Ltd. from 1991 to 1999. Mr. Baay holds an ICD.D designation as a certified corporate director.

Kenneth Richard McKinnon (aged 58) - Independent Non-Executive Director

Mr. McKinnon is a Partner at Citrus Capital Partners Ltd. (consulting firm) since January 2014. Mr. McKinnon has been a Director of Touchstone Exploration Inc. (formerly Petrobank Energy and Resources Ltd.) since March 14, 2000. Mr. McKinnon is currently a member of the Board and Chairman of the Compensation Committee of Alvpetro Energy Ltd. since November 2013. Previously, Mr. McKinnon was a Director of Lightstream Resources Ltd. from October 2009 to December 2016 and held the position of Chairman from May 2011 through December 2016. Mr. McKinnon was a Director of Petrominerales Ltd. from May 2006 until the company was acquired in November 2013. Mr. McKinnon held the position of Vice President Legal and General Counsel of Critical Mass Inc., a website design company, from March 2000 to December 2014. Mr. McKinnon served on the Board of Governors of the University of Calgary from September 2008 to August 2014, as Vice-Chair of its Governance and Human Resources Committee from June 2010 through August 2012, Vice-Chair of its Finance and Property Committee from August 2013 to August 2014 and Chair of its Budget Committee from August 2012 to August 2014. In addition, Mr. McKinnon served as a Director and Chairman of the Governance and Compensation Committee of Alberta Innovates – Technology Futures from January 2010 to March 2015. Mr. McKinnon holds an ICD.D designation as a certified corporate director.

Thomas Edward Valentine (aged 55) - Independent Non-Executive Director

Mr. Valentine is currently a Senior Partner of Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group. Mr. Valentine has 30 years of experience in the oil and gas industry, both as a barrister and as a solicitor. His focus is on international energy projects, with a particular emphasis on upstream and midstream operations. Mr. Valentine is a member of the Law Society of Alberta and the Association of International Petroleum Negotiators. He also serves on the Board for NXT Energy Solutions Inc.

Dr. Harrie Vredenburg (aged 64) - Independent Non-Executive Director

Dr. Vredenburg is Professor of Strategy and Suncor Chair in Strategy and Sustainability at the Haskayne School of Business at the University of Calgary, where he has been on faculty since 1989 prior to which he taught at McGill University. In 2010 Dr. Vredenburg added the role of Academic Director of the Global Energy Executive MBA, a degree offered by the University of Calgary. Dr. Vredenburg holds an appointment as an International Research Fellow at Oxford University's Said Business School (UK) and is a Director of Kainji Resources Ltd. and Teric Power Ltd., both private companies. Dr. Vredenburg holds an ICD.D designation as a certified corporate director.

Crude Oil Abbreviations

bbls	barrels of oil
Mbbl	thousand barrels of oil
bbls/d	barrels of oil per day
boe/d	barrels of oil equivalent per day

Important notice

This is a financial promotion and is not intended to be investment advice.

The contents of this announcement, which has been prepared by and is the sole responsibility of Touchstone Exploration Inc. (the "Company"), have been approved by Shore Capital and Corporate Limited ("SCC") solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended) ("FSMA").

In any EEA Member State that has implemented Directive 2003/71/EC (together with any implementing measures in any Member State ("the Prospectus Directive")) other than the United

Kingdom) this announcement is only addressed to and directed at persons in such member states who are qualified investors within the meaning of Article 2(1) (e) of the Prospectus Directive ("Qualified Investors"). In addition, in the United Kingdom, this announcement is addressed and directed only at Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) to persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as "Relevant Persons"). Any investment or investment activity to which this announcement relates is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom, and will be engaged in only with such persons. Other persons should not rely or act upon this announcement or any of its contents.

This announcement must not be acted on or relied on by persons who are not Relevant Persons. Persons distributing this announcement must satisfy themselves that it is lawful to do so. Any investment or investment activity to which this announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This announcement does not itself constitute an offer for sale or subscription of any securities in the Company.

Neither this announcement nor any copy of it may be taken or transmitted, published or distributed, directly or indirectly, in whole or in part, in, into or from the United States of America (including its territories and possessions, any state of the United States of America (the "United States" or the "US")), Australia, Japan or the Republic of South Africa or transmitted, distributed to, or sent by, any national or resident or citizen of any such countries or any other jurisdiction where to do so would constitute a violation of the relevant securities laws of such jurisdiction (each a "Restricted Jurisdiction"). Any failure to comply with this restriction may constitute a violation of United States, Australian, Japanese or South African securities laws.

This announcement does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any shares or other securities in any Restricted Jurisdiction. The Private Placement and the distribution of this announcement and other information in connection with the Private Placement and Admission in certain jurisdictions may be restricted by law and persons into whose possession this announcement, any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither this announcement nor any part of it nor the fact of its distribution shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or commitment whatsoever.

The Common Shares referred to in this announcement have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Common Shares have not been and will not be approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Private Placement or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. Any subscription for or purchase of Common Shares in the proposed Private Placement should be made solely on the basis of the information contained in the final document to be published by the Company in accordance with the supplement to Schedule One of the AIM Rules of the London Stock Exchange PLC (the "Appendix Document") in connection with the Private Placement and Admission. No reliance may or should be placed for any purposes whatsoever on the information contained in this announcement or its accuracy, completeness or fairness. The information in this announcement is subject to change. However, the Company does not undertake to provide the recipient of this announcement with any additional information, or to update this announcement or to correct any inaccuracies, and the distribution of this announcement shall not be deemed to be any form of commitment on the part of the Company to proceed with the Private

Placement or any transaction or arrangement referred to in this announcement. This announcement has not been approved by any competent regulatory authority.

SCC has been appointed as nominated adviser to the Company. SCC, which is authorised and regulated by the Financial Conduct Authority ("FCA"), is acting exclusively for the Company and no one else in connection with the proposed Private Placement and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of SCC or for advising any other person in respect of the Private Placement and Admission.

Shore Capital Stockbrokers Limited ("SCS") has been appointed as joint broker to the Company. SCS, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Private Placement and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of SCS or for advising any other person in respect of the Private Placement and Admission.

FirstEnergy Capital LLP has been appointed as joint broker to the Company. FirstEnergy Capital LLP, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Private Placement and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of FirstEnergy Capital LLP or for advising any other person in respect of the Private Placement and Admission.

Advisory on Forward-Looking Statements

Certain information regarding Touchstone set forth in this announcement, including assessments by the Company's Management of the Company's plans and future operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and other similar expressions. Statements relating to "reserves" are deemed to be 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. Such statements represent the Company's internal projections, estimates or beliefs concerning future growth, results of operations based on information currently available to the Company based on assumptions that are subject to change and are beyond the Company's control, such as: production rates and production decline rates, the magnitude of and ability to recover oil and gas reserves, plans for and results of drilling activity, well abandonment costs and salvage value, the ability to secure necessary personnel, equipment and services, environmental matters, future commodity prices, changes to prevailing regulatory, royalty, tax and environmental laws and regulations, the impact of competition, future capital and other expenditures (including the amount, nature and sources of funding thereof), future financing sources, business prospects and opportunities, among other things. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

In particular, forward-looking statements contained in this announcement include, but are not limited to, statements with respect to: the Private Placement, including the number of Placing Shares, the Placing Price, the gross proceeds generated therefrom and the anticipated uses of those proceeds; the Admission, including the expected commencement of dealings thereunder and benefits therefrom; projected production volumes; operating and development costs; estimated reserves, including the life index thereof and the discounted present value of future net revenues therefrom; exploration, development and associated operational plans and strategies (including planned drilling and recompletion programs), and the anticipated timing of, and sources of funding for, such activities; and the terms of the Company's contractual commitments and the Company's compliance therewith, including fulfilment of minimum work obligations and repayment of loans.

The Company is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results. The risk factors applicable to the Company are set out in the Company's Annual Information Form dated March 21, 2017, which has been filed on SEDAR (www.sedar.com). Readers are cautioned that the assumptions used in the preparation of such information, 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. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Other Advisories

The disclosure in this announcement summarizes certain information contained in the CPR and the Company's 2016 oil & gas reserves report (the "Reserves Report") but represents only a portion of the disclosure required under National Instrument 51-101 – Standards for Disclosure of Oil & Gas Activities. Full disclosure with respect to the Company's reserves as at December 31, 2016 is contained in the Company's Annual Information Form for the year ended December 31, 2016 which is filed under the Company's issuer profile on SEDAR (www.sedar.com). All evaluations and reviews of future net revenues use GLJ Petroleum Consultants Ltd.'s standard price forecasts effective January 1, 2017 and are stated prior to any provision for finance expenses or general and administrative costs and after the deduction of estimated future capital expenditures and estimated future well abandonment costs. It should not be assumed that the present worth of estimated future net revenues presented in this announcement represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of crude oil provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided herein.

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

This announcement discloses drilling and recompletion locations in three categories: (i) proved locations; (ii) proved plus probable locations; and (iii) unbooked locations. Proved locations and proved plus probable locations are derived from the CPR and the Reserves Report and account for locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the prospective acreage associated with the Company's assets and an assumption as to the number of wells that can be drilled/recompleted based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the approximately 208 (net) drilling locations identified herein, 52 are proved locations, 26 are probable locations and the remaining are unbooked locations.

This announcement contains certain oil and gas metrics that are commonly used in the oil and gas industry such as barrels of oil equivalent (boe), finding and development costs, and reserve life index. These metrics do not have standardized meanings or standardized methods of calculation and therefore such measures may not be comparable to similar measures presented by other companies. More information on such metrics is provided below. Such metrics have been included herein to provide readers with additional metrics 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 these 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 announcement, should not be relied upon for investment purposes.

Barrels of oil equivalent, or "boe", is a term commonly used in the oil & gas industry. A boe conversion ratio of six thousand cubic feet of gas: one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boe's may be misleading, particularly if used in isolation.

Finding and development costs are the sum of capital expenditures excluding capitalized general and administrative costs incurred in the period and the change in future development costs required to develop those reserves. Finding and development costs per barrel is determined by dividing current period net reserve additions to the corresponding period's finding and development cost. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Reserve life index is calculated as total Company net reserves divided by annual production.