



TOUCHSTONE ANNOUNCES 2022 YEAR-END RESERVES

CALGARY, ALBERTA (March 6, 2023) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) announces our 2022 year-end reserves.

Our independent reserves evaluation was prepared by GLJ Ltd. ("GLJ") with an effective date of December 31, 2022 (the "Reserves Report"). Highlights of our total proved developed producing ("PDP"), total proved ("1P"), total proved plus probable ("2P") and total proved plus probable plus possible ("3P") reserves from the Reserves Report are provided below. All finding and development ("F&D") costs below include changes in future development capital ("FDC"). Unless otherwise stated, all financial amounts referenced herein are stated in United States dollars. Financial information contained herein is based on the Company's unaudited results for the year ended December 31, 2022 and is subject to change. Readers are further cautioned to read the applicable advisories contained herein.

Touchstone's 2022 year-end reserves reflect the sustainability of our low decline asset base, as our 2022 capital program focused on exploration activities on our Ortoire property, where we completed construction of the Coho natural gas facility and continued construction operations of the Cascadura natural gas and liquids facility. Touchstone did not drill any development or exploration wells in the 2022 year.

In 2022 we achieved initial production from our Coho-1 well, which produced net volumes of 5.7 MMcf/d (approximately 955 boe/d) in the fourth quarter of 2022 contributing to average quarterly production volumes of 2,229 boe/d and average 2022 annual production volumes of 1,581 boe/d.

2022 Year-end Reserves Report Highlights

- Relative to year-end 2021 and after 2022 production, we increased PDP gross reserves by 33% to 4,843 Mboe, decreased 1P gross reserves by 0.7% to 38,463 Mboe, decreased 2P gross reserves by 0.6% to 75,074 Mboe and decreased 3P gross reserves by 0.6% to 120,594 Mboe in 2022.
- PDP reserves replaced 2022 annual production by 308%, reflecting forecasted Coho-1 natural gas volumes that were brought online in 2022.
- Our net present value of future net revenues discounted at 10% ("NPV10") on a before tax PDP basis increased by 21% to \$62.6 million, increased by 12% to \$530.3 million on a 1P basis, increased by 13% to \$993.7 million on a 2P basis, and increased by 12% to \$1.47 billion on a 3P basis from the prior year.
- Realized after tax PDP NPV10 of \$51.8 million representing an increase of 45% from the prior year, after tax 1P NPV10 increased by 22% from year-end 2021 to \$256.6 million, after tax 2P NPV10 increased by 24% from the prior year to \$450.6 million and after tax 3P NPV10 increased by 22% from 2021 to \$654.9 million.
- Limited development operations and a focus on investing in our natural gas facilities led to a 1P recycle ratio of 0.6 times and a 2P recycle ratio of 0.2 times.
- We continue to maintain a long producing reserve life index ("RLI") of 5.8 years PDP and 13.1 years 1P reflecting the low decline nature of our asset base.

2022 Year-end Reserves Report Summary

Touchstone's year-end crude oil, natural gas and NGL reserves in Trinidad were evaluated by independent reserves evaluator, GLJ, in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Additional reserves information as required under NI 51-101 will be included in the Company's Annual Information Form, which will be filed on SEDAR on or before March 31, 2023.

The reserve estimates set forth below are based upon GLJ's Reserves Report dated March 3, 2023 with an effective date of December 31, 2022. The Reserves Report uses the average price forecasts of the three leading Canadian oil and gas evaluation consultants (GLJ, McDaniel & Associates Consultants Ltd. and Sproule Associates Ltd. (collectively, the "Consultants")). All values in this news release are based on the three Consultants' average forecast pricing and GLJ's estimates of future operating and capital costs as of December 31, 2022. Please refer to "Advisories: Reserves Advisories" for further information. In certain tables set forth below, the columns may not add due to rounding.

2022 Reserves Summary by Category

	PDP	1P	2P	3P
Total gross reserves ⁽¹⁾ (Mboe)	4,843	38,463	75,074	120,594
Reserve additions (reductions) ⁽²⁾ (Mboe)	1,769	306	101	(164)
NPV10 before income tax ⁽³⁾ (\$000's)	62,561	530,264	993,714	1,473,380
NPV10 after income tax ⁽³⁾ (\$000's)	51,770	256,623	450,624	654,913

Notes:

- (1) Gross reserves are the Company's working interest share before deduction of royalties.
- (2) Reserve additions exclude period production. See "Advisories: Oil and Gas Metrics".
- (3) Based on the three Consultants' average December 31, 2022 forecast prices and costs. See "Forecast prices and costs".

Year-Over-Year Reserves Data

	December 31, 2022	December 31, 2021 ⁽¹⁾	% Change
PDP gross reserves ⁽²⁾ (Mboe)	4,843	3,648	33
1P gross reserves ⁽²⁾ (Mboe)	38,463	38,731	(1)
2P gross reserves ⁽²⁾ (Mboe)	75,074	75,547	(1)
3P gross reserves ⁽²⁾ (Mboe)	120,594	121,332	(1)
PDP NPV10 before income tax ⁽³⁾ (\$000's)	62,561	51,737	21
1P NPV10 before income tax ⁽³⁾ (\$000's)	530,264	474,922	12
2P NPV10 before income tax ⁽³⁾ (\$000's)	993,714	881,753	13
3P NPV10 before income tax ⁽³⁾ (\$000's)	1,473,380	1,313,006	12
PDP NPV10 after income tax ⁽³⁾ (\$000's)	51,770	35,781	45
1P NPV10 after income tax ⁽³⁾ (\$000's)	256,623	210,036	22
2P NPV10 after income tax ⁽³⁾ (\$000's)	450,624	363,068	24
3P NPV10 after income tax ⁽³⁾ (\$000's)	654,913	535,613	22

Notes:

- (1) Prior year reserve estimates per GLJ's independent reserves evaluation dated March 4, 2022 with an effective date of December 31, 2021.
- (2) Gross reserves are the Company's working interest share before deduction of royalties.
- (3) Based on the three Consultants' average December 31, 2022 forecast prices and costs. See "Forecast prices and costs".

Summary of Crude Oil and Natural Gas Reserves by Product Type

Company Gross ⁽¹⁾ Reserves	Light and Medium Crude Oil (Mbbbl)	Heavy Crude Oil (Mbbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl) ⁽²⁾	Total Oil Equivalent (Mboe)
Proved					
Developed Producing	3,470	258	6,690	-	4,843
Developed Non-Producing	1,529	210	86,146	2,198	18,294
Undeveloped	4,979	-	53,841	1,373	15,326
Total 1P	9,977	468	146,677	3,571	38,463
Probable	8,711	416	144,850	3,342	36,611
Total 2P	18,688	884	291,527	6,913	75,074
Possible	5,902	332	205,894	4,972	45,520
Total 3P	24,590	1,216	497,421	11,885	120,594

Company Net ⁽³⁾ Reserves	Light and Medium Crude Oil (Mbbbl)	Heavy Crude Oil (Mbbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl) ⁽²⁾	Total Oil Equivalent (Mboe)
Proved					
Developed Producing	2,091	230	5,854	-	3,296
Developed Non-Producing	965	187	75,378	1,923	15,638
Undeveloped	3,658	-	47,111	1,202	12,712
Total 1P	6,714	417	128,343	3,125	31,646
Probable	6,540	370	126,744	2,925	30,959
Total 2P	13,254	787	255,086	6,049	62,605
Possible	4,342	295	180,157	4,350	39,013
Total 3P	17,596	1,082	435,243	10,399	101,618

Notes:

- (1) Gross reserves are the Company's working interest share before deduction of royalties.
- (2) NGLs are comprised of 100% condensate.
- (3) Net reserves are the Company's working interest share after the deduction of royalty obligations.

Summary of Net Present Values of Future Net Revenues⁽¹⁾

Net Present Values Before Income Taxes (\$000's)	Undiscounted	Discounted at 5%	Discounted at 10%	Discounted at 15%	Discounted at 20%
Proved					
Developed Producing	84,121	71,897	62,561	55,515	50,081
Developed Non-Producing	373,318	303,750	256,815	222,221	195,600
Undeveloped	349,815	268,045	210,888	169,542	138,744
Total 1P	807,254	643,692	530,264	447,278	384,425
Probable	929,042	634,858	463,450	354,683	281,289
Total 2P	1,736,296	1,278,550	993,714	810,961	665,714
Possible	1,162,845	706,880	479,666	350,833	270,402
Total 3P	2,899,141	1,985,430	1,473,380	1,152,794	936,116

Net Present Values After Income Taxes ⁽²⁾ (\$000's)	Undiscounted	Discounted at 5%	Discounted at 10%	Discounted at 15%	Discounted at 20%
Proved					
Developed Producing	59,691	56,612	51,770	47,274	43,432
Developed Non-Producing	159,207	134,649	117,278	104,014	93,519
Undeveloped	153,285	114,778	87,576	67,879	53,270
Total 1P	372,183	306,039	256,623	219,166	190,222
Probable	383,287	265,306	194,000	148,011	116,700
Total 2P	755,470	571,344	450,624	367,177	306,922
Possible	474,034	296,499	204,289	150,949	117,211
Total 3P	1,229,504	867,843	654,913	518,126	424,133

Notes:

- (1) Based on the three Consultants' average December 31, 2022 forecast prices and costs. See "Forecast prices and costs".
- (2) The after-tax net present values prepared by GLJ in the evaluation of the Company's crude oil and natural gas assets presented herein are calculated by considering current Trinidad tax regulations and are based on the Company's estimated tax pools and non-capital losses as of December 31, 2022. The values reflect the expected income tax burden on the assets on a consolidated basis. Values do not represent an estimate of the value at the business entity level or consider tax planning, which may be significantly different. See "Advisories: Unaudited Financial Information".

Reconciliation of Gross Reserves by Product Type

The following table sets forth a reconciliation of the Company's total gross proved, gross probable and total gross proved plus probable reserves as of December 31, 2022 by product type against such reserves as at December 31, 2021 based on forecast prices and cost assumptions.

Reserves Category and Factors	Light and Medium Crude Oil (Mbbbl)	Heavy Crude Oil (Mbbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl) ⁽¹⁾	Total Oil Equivalent (Mboe)
Total Proved					
December 31, 2021 ⁽²⁾	10,174	471	147,093	3,571	38,731
Extensions and improved recovery ⁽³⁾	94	-	-	-	94
Technical revisions ⁽⁴⁾	169	23	111	-	211
Production	(460)	(27)	(527)	-	(574)
December 31, 2022	9,977	468	146,677	3,571	38,463
Total Probable					
December 31, 2021 ⁽²⁾	8,908	458	144,642	3,342	36,815
Technical revisions ⁽⁴⁾	(201)	(42)	208	-	(208)
Economic factors ⁽⁵⁾	3	-	-	-	3
December 31, 2022	8,711	416	144,850	3,342	36,611
Total Proved plus Probable					
December 31, 2021 ⁽²⁾	19,082	929	291,735	6,914	75,547
Extensions and improved recovery ⁽³⁾	94	-	-	-	94
Technical revisions ⁽⁴⁾	(31)	(18)	320	-	4
Economic factors ⁽⁵⁾	3	-	-	-	3
Production	(460)	(27)	(527)	-	(574)
December 31, 2022	18,688	884	291,527	6,913	75,074

Notes:

- (1) NGLs are comprised of 100 percent condensate.
- (2) Prior year reserve estimates per GLJ's independent reserves evaluation dated March 4, 2022 with an effective date of December 31, 2021.
- (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) Economic factors are the change in reserves exclusively due to changes in pricing.

In comparison to December 31, 2021 on a proved plus probable reserve basis, 2022 light and medium crude oil reserves declined 394 Mbbbl. Improved recovery attributed to well recompletions was offset by 2022 annual production. 2022 proved plus probable heavy crude oil reserves decreased by 45 Mbbbl from the prior year due to downward technical revisions of 18 Mbbbl associated with reduced well performance at our Fyzabad block, combined with 27 Mbbbl of production. Proved plus probable conventional natural gas reserves decreased by 208 MMcf relative to December 31, 2021, as an increase from reduced surface loss estimates related to Coho was offset by 2022 production.

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)	PDP	1P	2P	3P
2023	190	23,648	26,938	26,938
2024	-	31,810	45,006	45,006
2025	-	8,841	38,067	38,067
2026	-	11,232	15,885	15,885
2027	-	11,213	15,470	15,470
Thereafter	-	-	-	-
Total undiscounted	190	86,744	141,366	141,366
Total discounted at 10% per year	181	72,435	116,145	116,145

The following table sets forth the changes in undiscounted future development costs included in the Reserves Report against such costs in our December 31, 2021 reserves report prepared by GLJ dated March 4, 2022.

(\$000's unless otherwise stated)	PDP	1P	2P	3P
(Decrease) / increase in forecasted capital costs	(110)	3,450	5,685	5,685
Increase in forecasted wells	-	4,757	4,720	4,720
Decrease in forecasted facility and pipeline costs	-	(1,477)	(2,613)	(2,613)
Total (decrease) / increase in FDC from 2021	(110)	6,730	7,792	7,792
Total (decrease) / increase in FDC from 2021 (%)	(37)	8	6	6

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. The forecast cost assumptions consider inflation with respect to future operating and capital costs. The following table sets forth the benchmark reference prices and inflation rates reflected in the Reserves Data as of December 31, 2022. These price assumptions were provided to the Company by GLJ and represented the average price forecast of the three Consultants as of the date of the Reserves Report.

Consultants Average Price Forecast			
Forecast Year	Brent Spot Crude Oil ⁽¹⁾ (\$/bbl)	Henry Hub Natural Gas ⁽¹⁾ (\$/MMBtu)	Inflation Rate (% per year)
2023	84.67	4.74	0.0
2024	82.69	4.50	2.3
2025	81.03	4.31	2.0
2026	81.39	4.40	2.0
2027	82.65	4.49	2.0
2028	84.29	4.58	2.0
2029	85.98	4.67	2.0
2030	87.70	4.76	2.0
2031	89.46	4.86	2.0
2032	91.25	4.95	2.0
Thereafter	+2.0% / year	+2.0% / year	2.0

Note:

- (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.

Capital Program Efficiency

	2022		2022 – 2020 Total	
	1P	2P	1P	2P
Estimated capital expenditures ^{(1),(4)} (\$000's)	11,330	11,330	57,763	57,763
Change in FDC (\$000's)	6,730	7,792	41,369	69,685
F&D costs^{(2),(4)} (\$000's)	18,060	19,122	99,132	127,448
Reserve additions^{(2),(3)} (Mboe)	306	101	28,193	54,588
F&D costs per boe^{(2),(4)} (\$/boe)	59.02	189.33	3.52	2.33
Estimated operating netback^{(1),(4)} (\$/boe)	33.42	33.42	25.16	25.16
Recycle ratio^{(2),(4)}	0.6x	0.2x	7.2x	10.8x

Notes:

- (1) Financial information is based on the Company's preliminary 2022 unaudited financial statements and is therefore subject to change. See "Advisories: Unaudited Financial Information".
- (2) See "Advisories: Reserves Advisory" and "Advisories: Oil and Gas Metrics".
- (3) Based on gross reserves, which are the Company's working interest share before deduction of royalties.
- (4) Non-GAAP financial measure. See "Advisories: Non-GAAP Financial Measures".

Touchstone Exploration Inc.

Touchstone Exploration Inc. is a Calgary, Alberta based company engaged in the business of acquiring interests in petroleum and natural gas rights and the exploration, development, production and sale of petroleum and natural gas. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago. 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".

For further information about Touchstone, please visit our website at www.touchstoneexploration.com or contact:

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Advisories

Forward-Looking Statements

Certain information provided in this news release may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities laws. 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. The forward-looking statements contained in this news release speak only as of the date thereof and are expressly qualified by this cautionary statement.

Specifically, this news release includes, but is not limited to statements relating to the Company's exploration plans and strategies; the sustainability and low decline nature of our asset base; estimated crude oil, NGL and natural gas reserves and the net present values of future net revenue therefrom; and the forecasted future production, commodity prices, inflation rates and all future costs used by GLJ in their evaluation.

In addition, information and 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. Consequently, actual results may differ materially from those anticipated in the forward-looking statements.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Certain of these risks are set out in more detail in the Company's 2021 Annual Information Form dated March 25, 2022 which is available under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (www.touchstoneexploration.com). The forward-looking statements contained in this news release are made as of the date hereof, and except as may be required by applicable securities laws, the Company assumes no obligation or intent to update publicly or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

Reserves Advisory

The disclosure in this news release summarizes certain information contained in the Reserves Report but represents only a portion of the disclosure required under NI 51-101. Full disclosure with respect to the Company's reserves as at December 31, 2022 will be contained in the Company's Annual Information Form for the year ended December 31, 2022 which will be filed on SEDAR on or before March 31, 2023.

The recovery and reserve estimates of crude oil, NGL and natural gas reserves provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than or less than the estimates provided herein. This news release summarizes the crude oil, NGL and natural gas 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, 2022 prior to provision for interest and finance costs, general and administration expenses, and the impact of any financial derivatives. It should not be assumed that the present worth of estimated future net revenues presented in the tables above 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.

"Proved 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.

"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.

"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.

"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. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

In the Reserves Report, GLJ forecasted 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 forecasted economic limit of individual wells is beyond the current term of the relevant agreements. There is no certainty as to any renewal of the Company's existing exploration, production, and marketing arrangements.

Oil and Gas Measures

Where applicable, natural gas has been converted to barrels of oil equivalent based on six thousand cubic feet to one barrel of oil. The barrel of oil equivalent rate is based on an energy equivalent conversion method primarily applicable at the burner tip, and given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than 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 Gas Metrics

This news release contains several oil and gas metrics that are commonly used in the oil and gas industry such as reserves additions, reserve life index, finding and development costs, and recycle ratio. These metrics have been prepared by Management and 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 and should not be used to make comparisons. 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 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 news release, should not be relied upon for investment purposes.

Reserve additions are calculated as the change in reserves from the beginning to the end of the applicable period excluding period production. Management uses this measure to determine the relative change of its reserves base over a period of time.

RLI is calculated by dividing the applicable reserves by forecasted 2023 production volumes derived from the Reserve Report.

F&D costs represent the costs of exploration and development incurred (refer to "*Advisories: Non-GAAP Financial Measures*"). Specifically, F&D is calculated as the sum of exploration and development capital expenditures incurred in the period and the change in future development costs required to develop those reserves. The Company's annual audit of its December 31, 2022 consolidated financial statements is not complete. Accordingly, unaudited exploration and development capital expenditure amounts used in the calculation of F&D costs are Management's estimates and are subject to change. F&D costs per barrel is determined by dividing current period reserve additions to the corresponding period's F&D costs. Readers are cautioned that the aggregate of capital expenditures incurred in the most recent financial year and the change during that year in estimated F&D generally will not reflect total F&D costs related to reserves additions for that year. Management uses F&D costs as a measure of its ability to execute its capital program, the success in doing so, and of the Company's asset quality.

Recycle ratio is a measure used by Management to evaluate the effectiveness of its capital reinvestment program and is calculated by dividing the annual F&D costs per barrel to operating netback per barrel prior to realized gains or losses on commodity derivative contracts in the corresponding period (refer to "*Advisories: Non-GAAP Financial Measures*"). The Company's annual audit of its December 31, 2022 consolidated financial statements is not complete. Accordingly, unaudited operating netbacks used in calculations of recycle ratios are Management's estimates and are subject to change. The recycle ratio compares netbacks from existing reserves to the cost of finding new reserves and may not accurately indicate the investment success unless the replacement of reserves are of equivalent quality as the produced reserves.

Unaudited Financial Information

Certain annual 2022 financial information disclosed herein including capital expenditures and operating netback are based on unaudited estimated results and are subject to the same limitations as discussed in the forward-looking statements advisory disclosed herein. These estimated results are subject to change upon completion of the Company's audited financial statements for the year ended December 31, 2022, and changes could be material. Touchstone anticipates filing its audited consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2022 on SEDAR on March 24, 2023.

Supplemental Information Regarding Product Types

This news release includes references to fourth quarter and annual 2022 production. The following table provides production by product type composition as defined by NI 51-101.

Period	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)
Fourth quarter of 2022	1,207	67	5,729	-	2,229
Annual 2022	1,265	75	1,444	-	1,581

Non-GAAP Financial Measures

This news release may reference 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 measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or "GAAP") 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. Non-GAAP financial measures presented herein include operating netback, capital expenditures, F&D costs and recycle ratio.

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. Operating netback is a non-GAAP financial measure calculated by deducting royalties and operating expenses from petroleum and natural gas sales. Operating netback per boe is a non-GAAP ratio calculated by dividing the operating netback by total production volumes for the period. The following table presents the computation of estimated operating netback disclosed herein, using unaudited financial information for the year ended December 31, 2022 in both periods presented.

<i>(\$000's unless otherwise stated)</i>	Year ended December 31, 2022	Three years ended December 31, 2022
Petroleum and natural gas sales	42,944	92,104
Royalties	(14,641)	(29,380)
Operating expenses	(9,022)	(23,006)
Estimated operating netback	19,281	39,718
Production (boe)	567,987	1,578,775
Estimated operating netback (\$/boe)	33.42	25.16

Capital expenditures is a non-GAAP financial measure that is calculated as the sum of exploration and evaluation asset expenditures and property, plant and equipment expenditures included in the Company's consolidated statements of cash flows and is most directly comparable to cash flows used in investing activities. Touchstone considers capital expenditures to be a useful measure of its investment in its existing asset base.

The following table presents the computation of estimated capital expenditures disclosed herein, using unaudited financial information for the year ended December 31, 2022 in both periods presented.

(\$000's)	Year ended December 31, 2022	Three years ended December 31, 2022
Exploration and evaluation asset expenditures	9,788	47,755
Property, plant and equipment expenditures	1,542	10,008
Estimated capital expenditures	11,330	57,763

Refer to "Advisories: Oil and Gas Metrics" regarding F&D costs and recycle ratio.

Abbreviations

Mbbl	thousand barrels
MMcf	million cubic feet
MMBtu	million British Thermal Units
NGL(s)	natural gas liquid(s)
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent