



Corporate Presentation

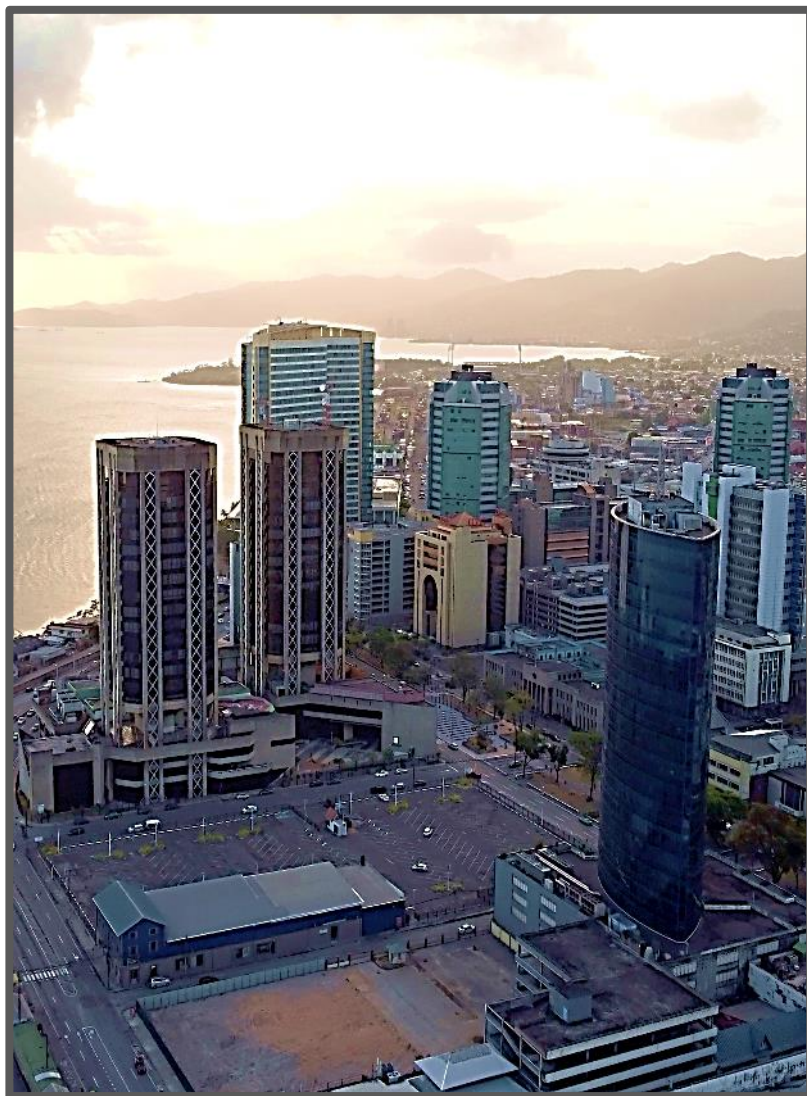
September 2022

*Driving production growth,
profitability and responsibility in the
Trinidad energy industry*



TSX : TXP | AIM : TXP

Why Touchstone



Strong Assets and Management

- Experienced and dedicated board and management team
- Properties located in one of the richest hydrocarbon environments in the world
- Transitioning to a significant natural gas producer
- Large inventory of development and exploration opportunities

Sustainable

- Striving to be a leading onshore supplier of oil and natural gas in Trinidad and Tobago
- Operating in a manner that ensures the safety of all our employees
- Focused on reducing our environmental impact, enriching the communities in which we operate, and maintaining strong corporate governance

Financially Disciplined

- Prudent management of the balance sheet
- Continually strive to optimize operating netbacks
- Targeting significant growth in our cash flows from operations
- Fixed price gas contract provides stable funding for future capital projects

Touchstone at a Glance

September 1, 2022 Capital Structure

Common shares outstanding	213,021,161
TSX share price (£) ₍₁₎	0.865
Market capitalization (£) ₍₂₎	184,263,304

Six Months Ended June 30, 2022 Results

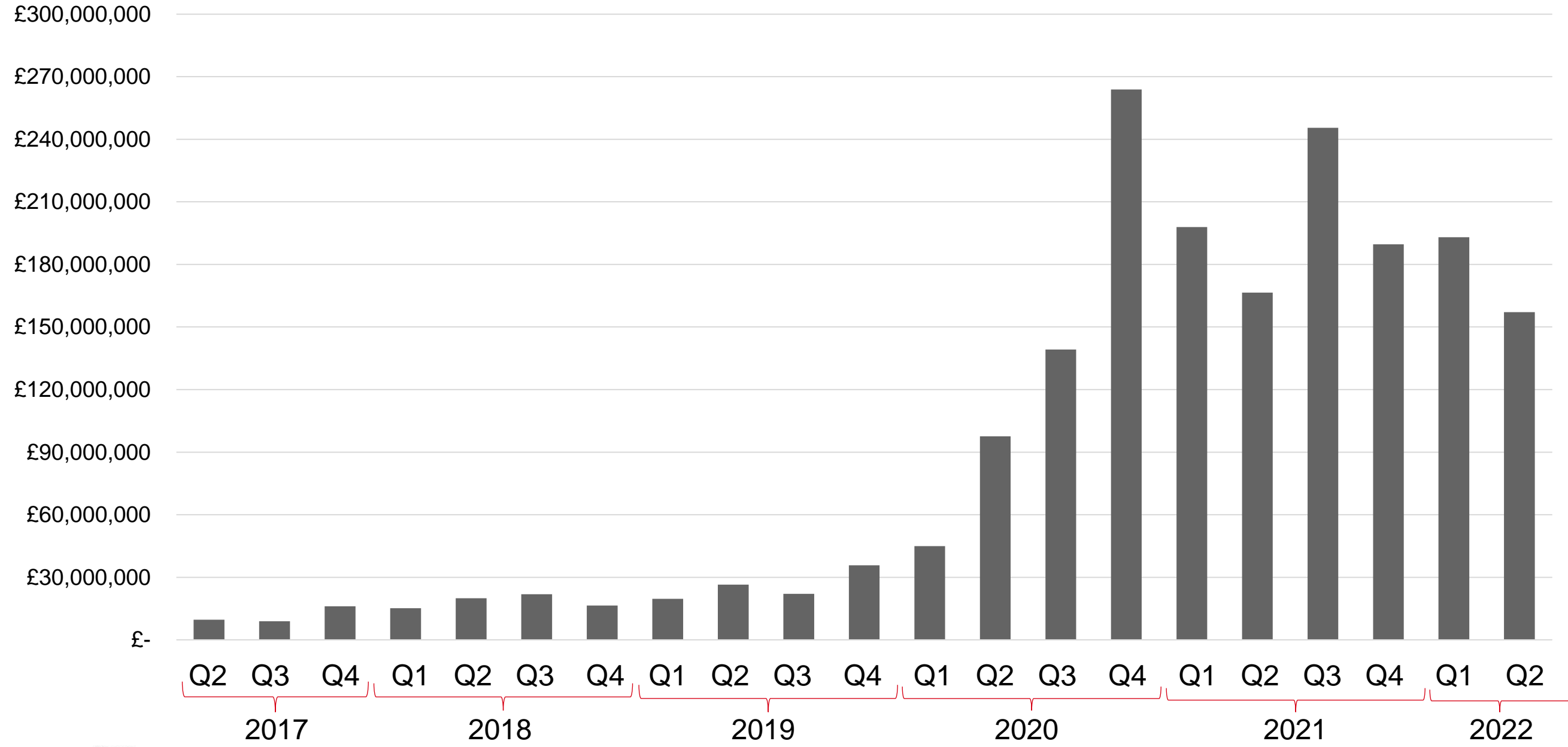
Average daily oil production (bbls/d)	1,408
Petroleum sales (\$000's)	23,092
Funds flow from operations (\$000's) ₍₃₎	2,559
Operating netback (\$/bbl) ₍₃₎₍₅₎	41.46
Cash (\$000's)	9,425
Net debt (\$000's) ₍₃₎₍₆₎	23,654

December 31, 2021 Reserves₍₇₎

	Gross 1P	Gross 2P
Reserves (MMboe)	38.7	75.6
Before tax NPV10 (\$MM)	474.9	881.8
After tax NPV10 (\$MM)	210.0	363.1

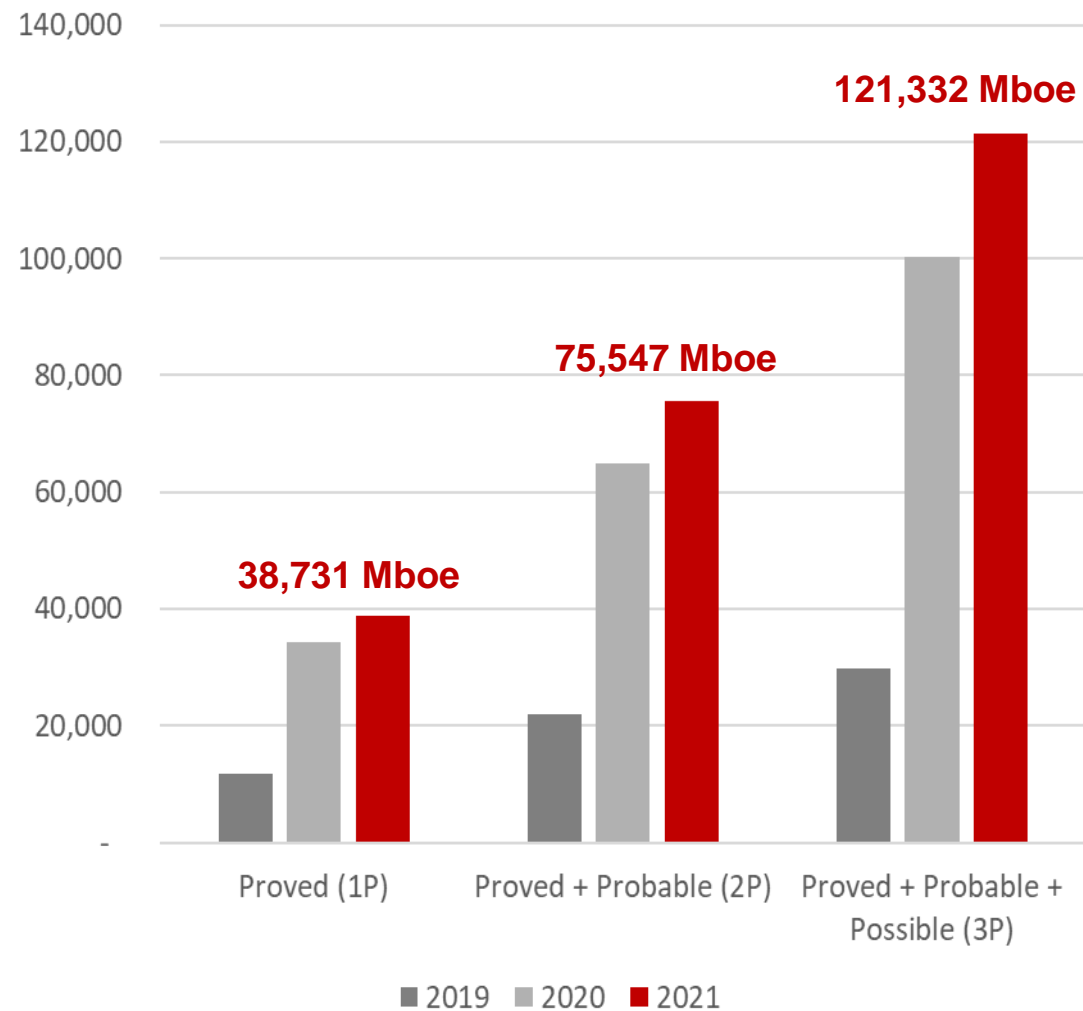


Historical Market Capital⁽⁴⁾

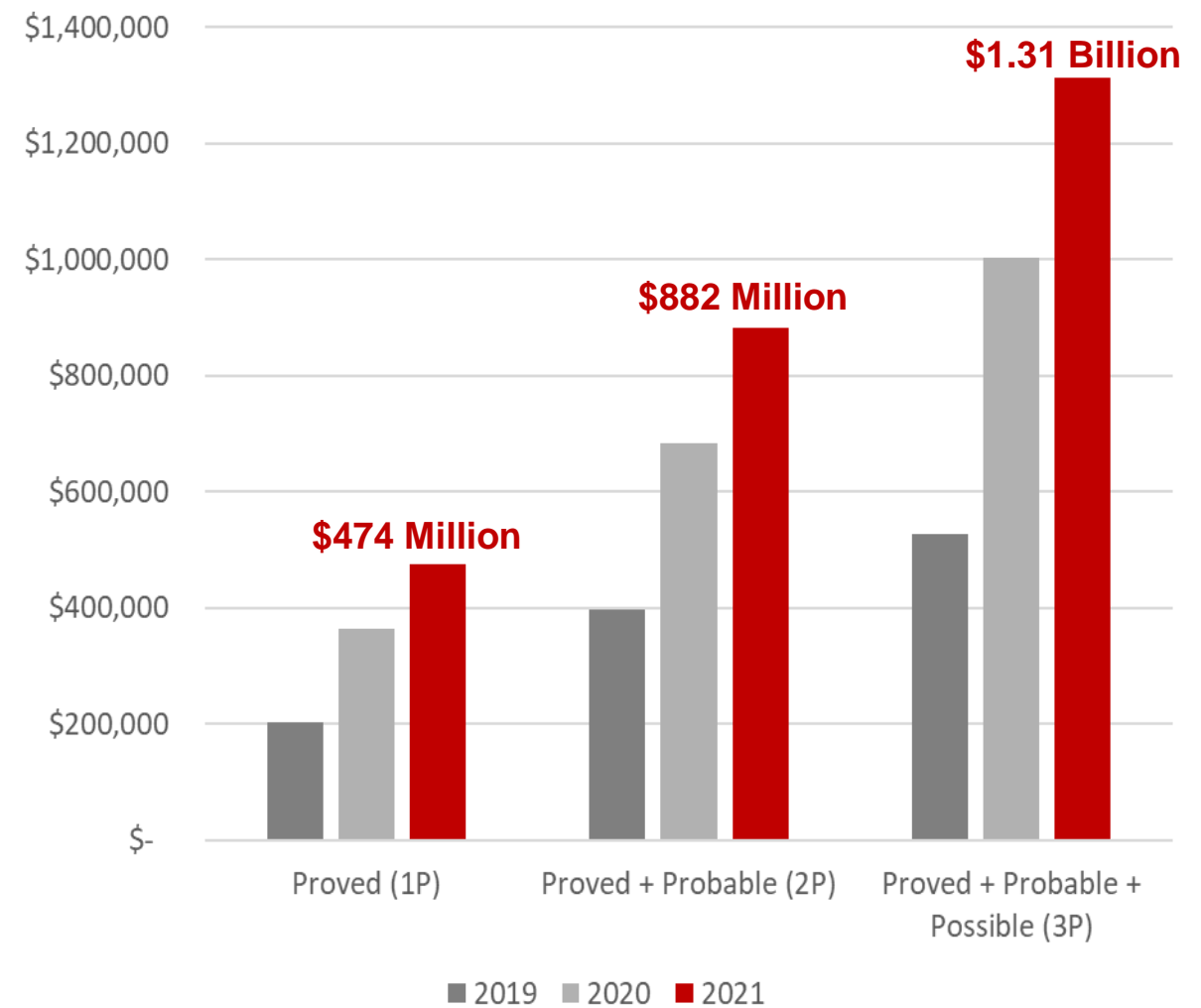


Reserves Growth⁽⁸⁾

Reserves Growth (Mboe)

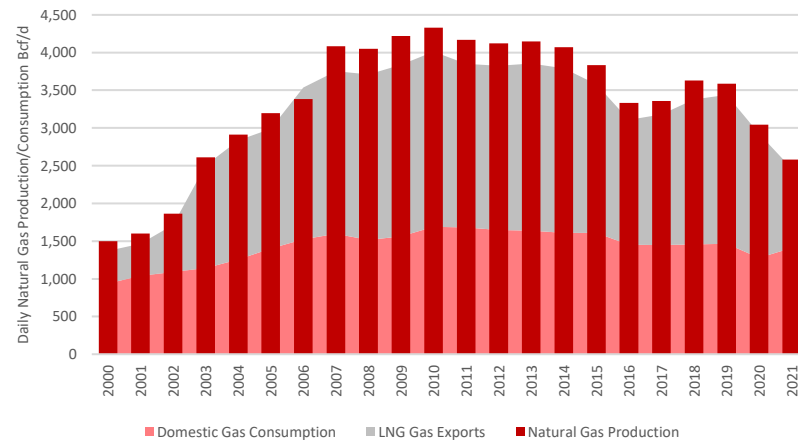


BTAX NPV10 Growth

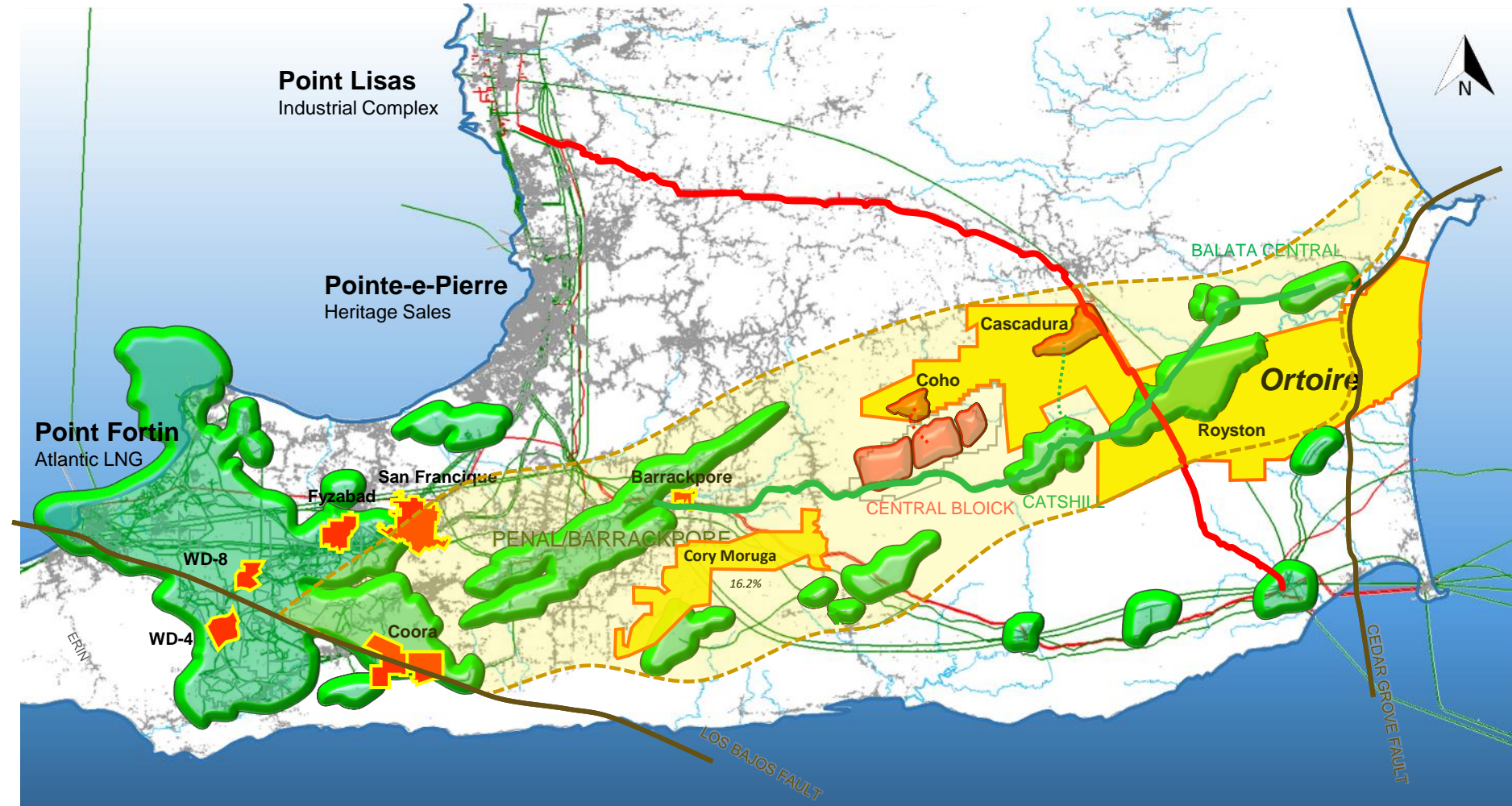
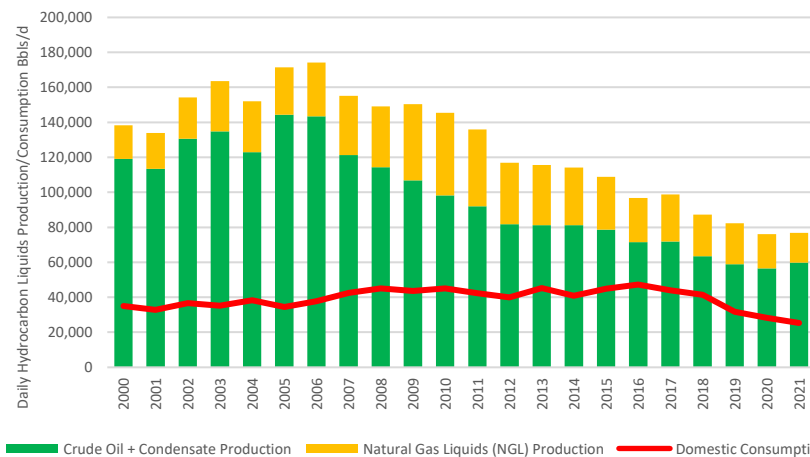


Trinidad Oil and Gas Infrastructure

Trinidad and Tobago Natural Gas Production/Consumption (9)



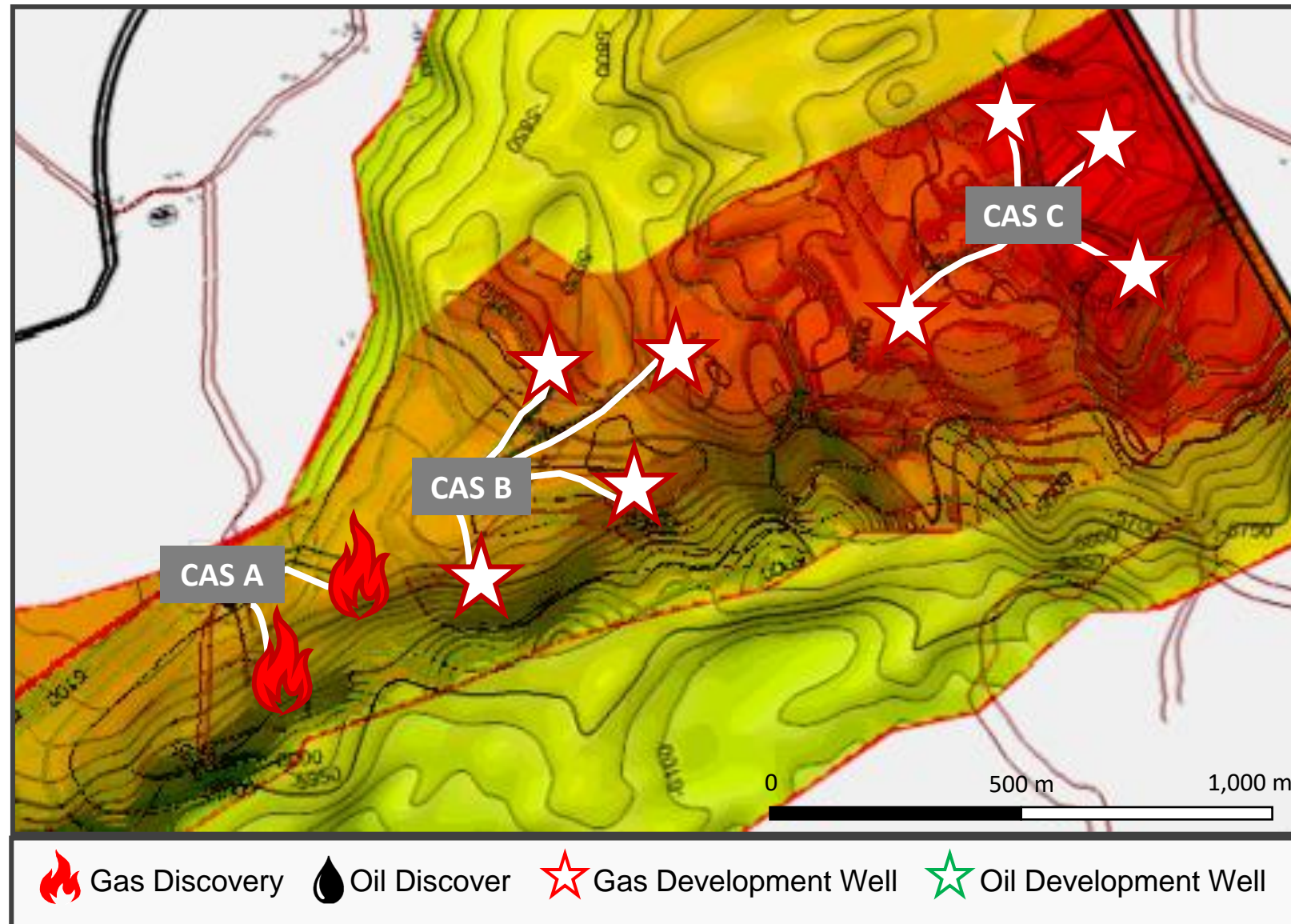
Trinidad and Tobago Crude Oil and Condensate Production (10)



- Oil Pipeline
- Gas Pipeline
- TXP Exploration Acreage
34,035 net working interest acres
- TXP Developed Acreage
8,057 net working interest acres
- Herrera Sand Fairway
- Oil Pool
- Gas Pool



Cascadura Development



Cascadura

Best estimate TPIIP (Bcf) ₍₇₎	460.9
2P Reserves (Mboe) ₍₇₎	52,082
2P Btax NPV10 (\$MM) ₍₇₎	520.6

Wells drilled

CAS-1ST1 & CAS Deep

Estimated initial production (net) ₍₁₂₎	9,200 boe/d
Production optimization potential (net) ₍₁₂₎	3,067 boe/d

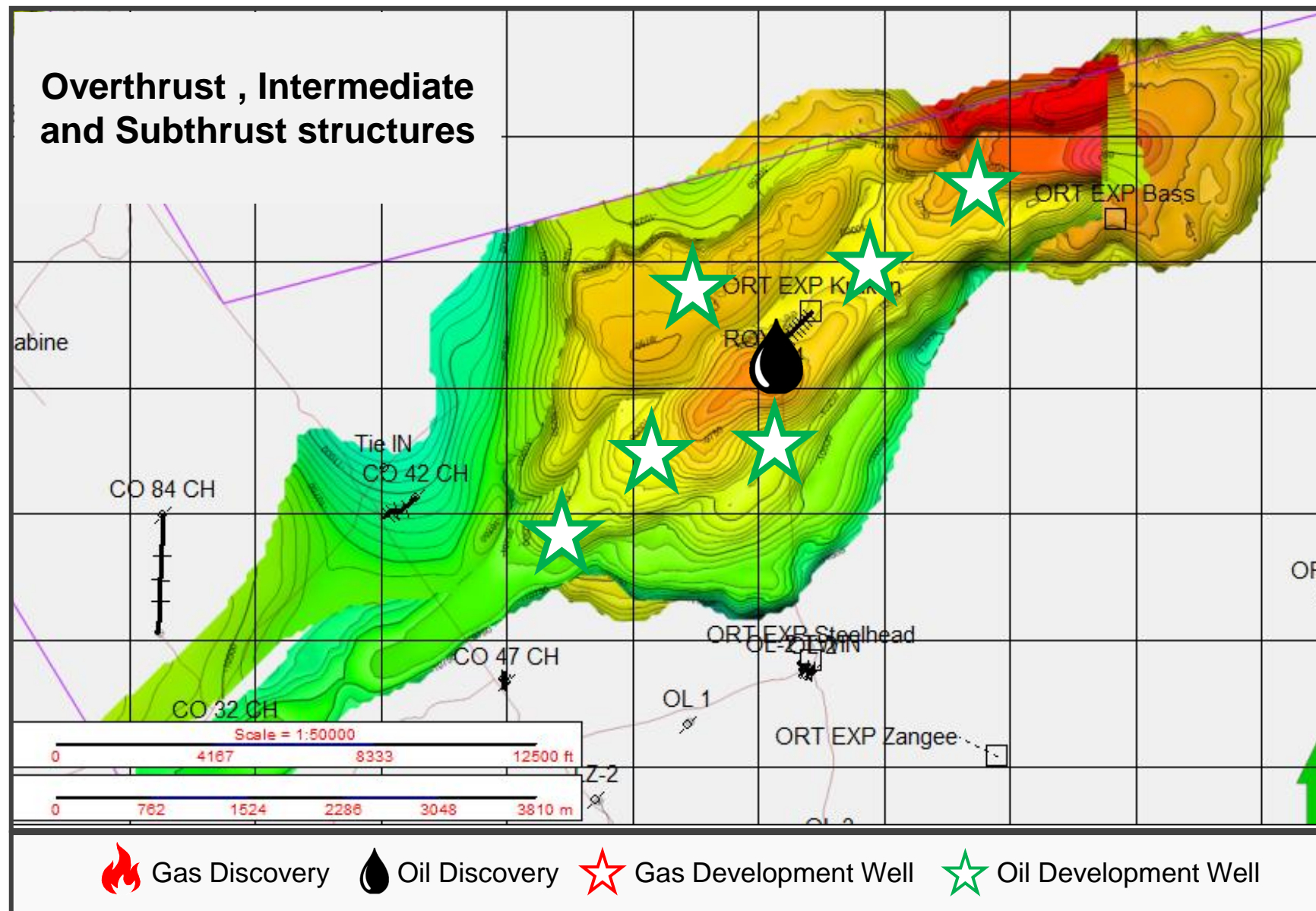
Cascadura Facility

Initial natural gas capacity	90 MMcf/d
Initial condensate capacity	2,250 bbls/d
Total natural gas capacity	200 MMcf/d
Total condensate capacity	5,000 bbls/d

Development wells₍₁₁₎ 3 - 8

Pool Size₍₁₅₎ 1,221 acres

Royston Development ⁽¹⁴⁾



Royston

Best estimate TPIIP (MMbbls) ₍₇₎	165.7
2P Reserves (Mbbbls) ₍₇₎	3,520
2P Btax NPV10 (\$MM) ₍₇₎	59

Wells drilled

Royston-1

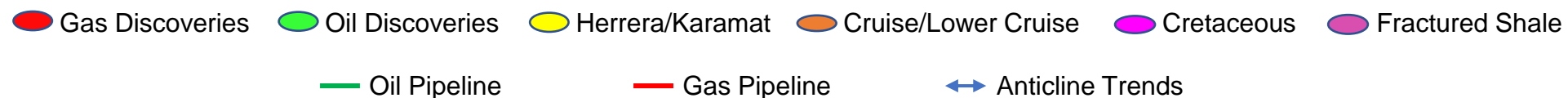
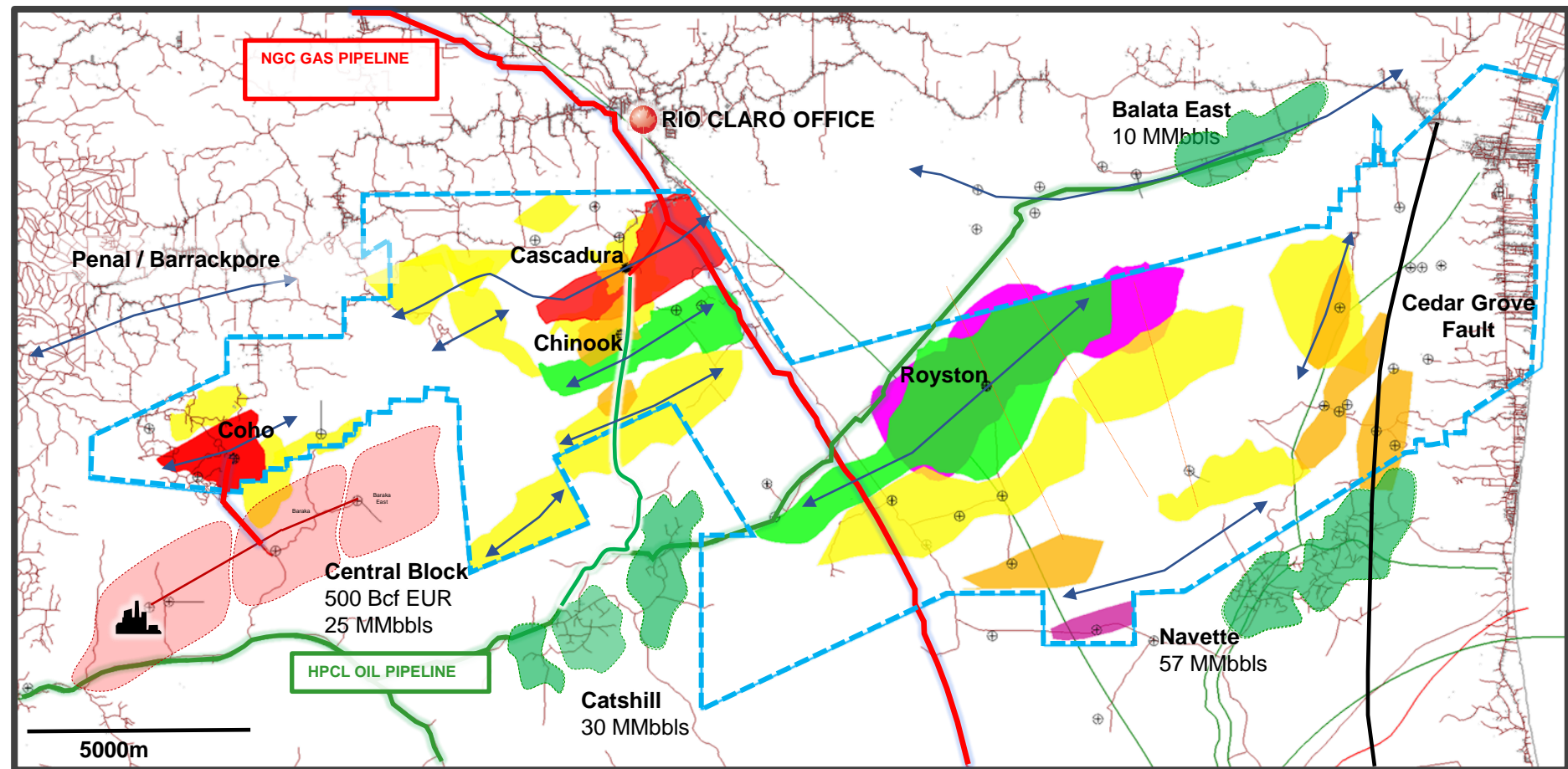
Total depth	10,700 ft.
Feet of pay ₍₁₂₎	393 ft.

Formation	Overthrust and Intermediate Herrera GR7abc
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Development Wells ₍₁₁₎	3 - 6
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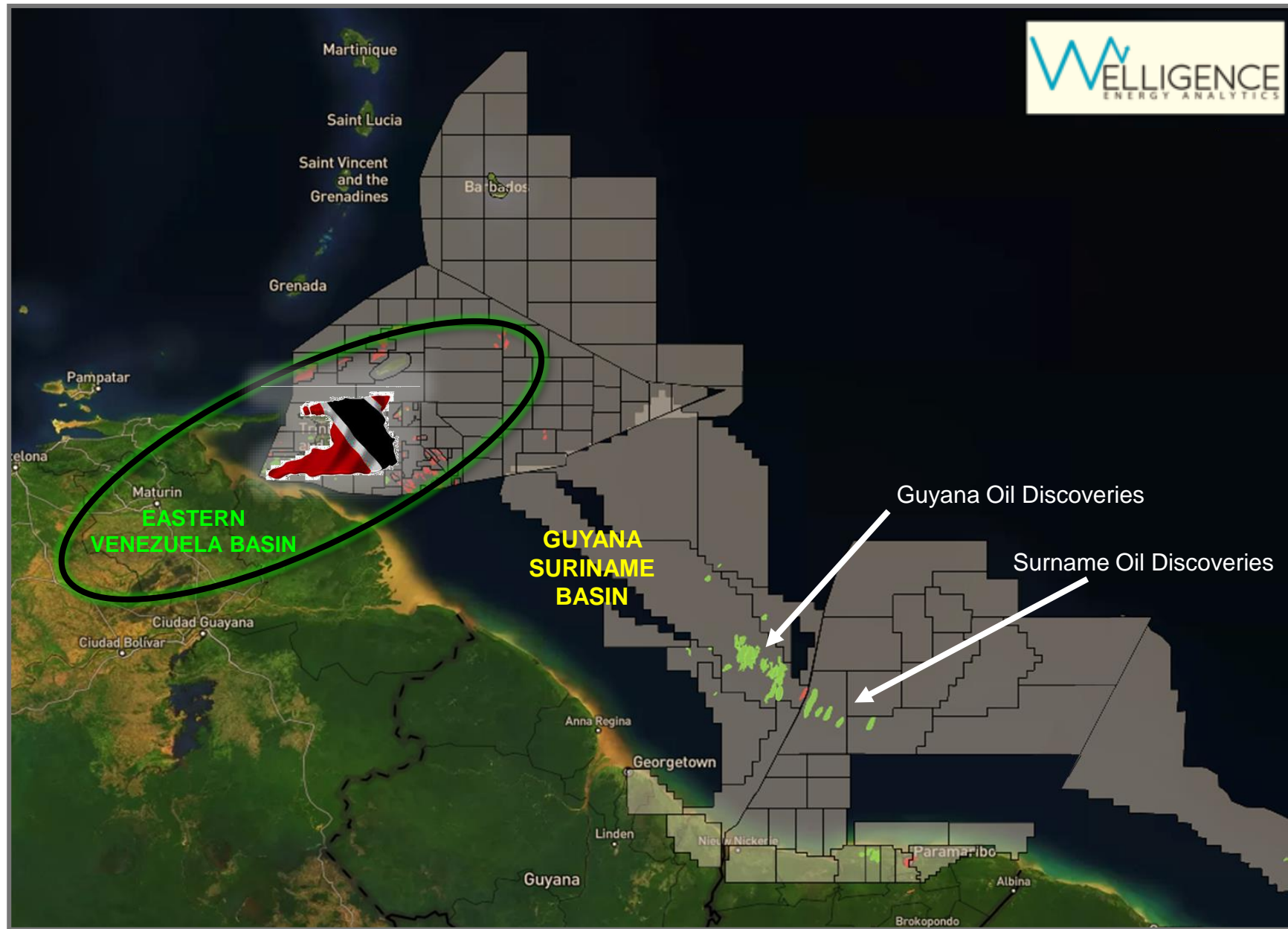
Pool Size (All) ₍₁₅₎	3,423 acres
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Ortoire Subsurface Overview



- Continuation of prolific Penal-Barrackpore Herrera
- Numerous anticlinal trends identified
- Defined structural features: overthrust, intermediate and subthrust (repeated beds)
- Analogous to offsetting production outside of the block

Trinidad



Hydrocarbon Rich Environment

Largest producer of oil and gas in the Caribbean

Energy-intensive industries

Ammonia, methanol, fertilizer, and aluminum

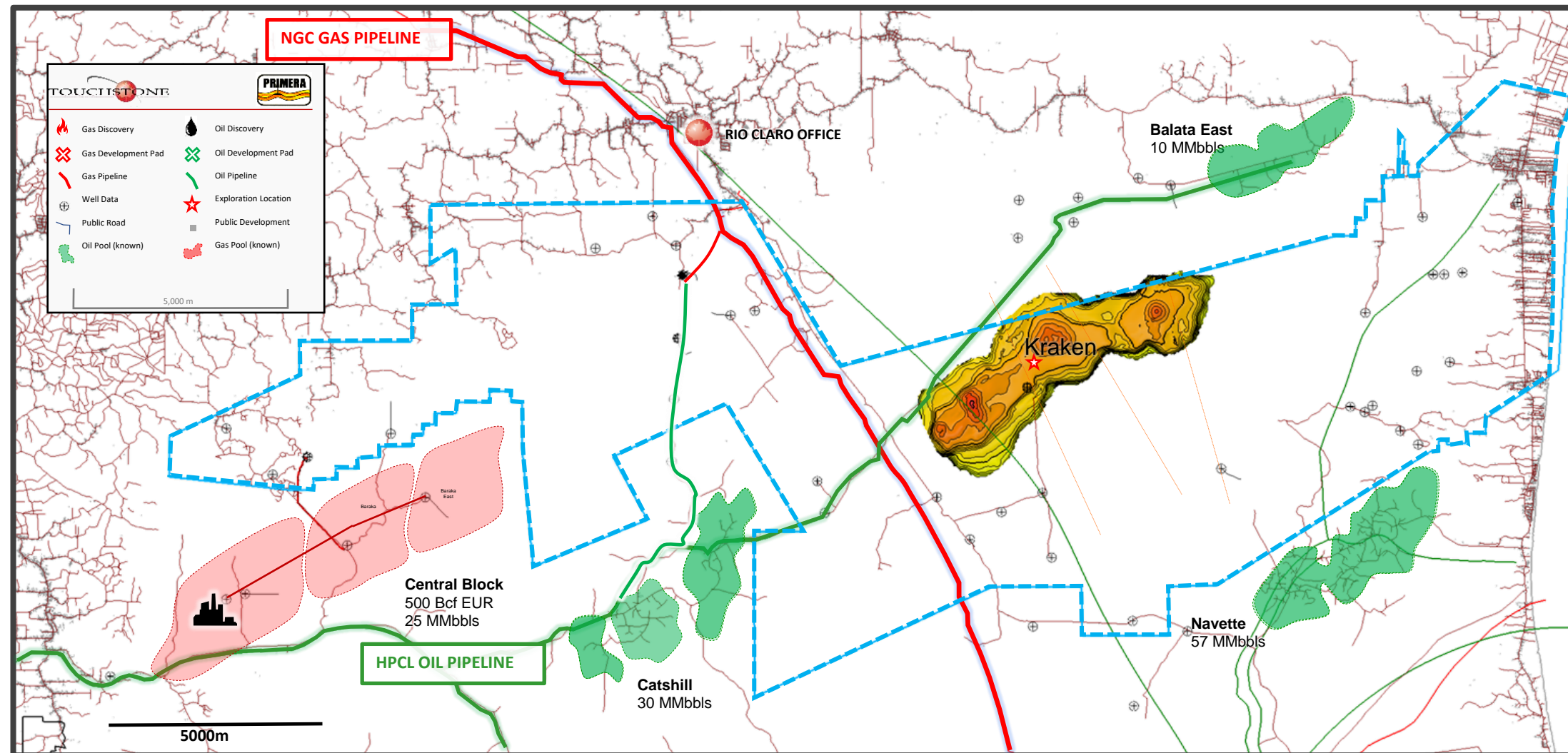
Access to world class facilities

Has one of the largest natural gas processing facilities in the Western Hemisphere

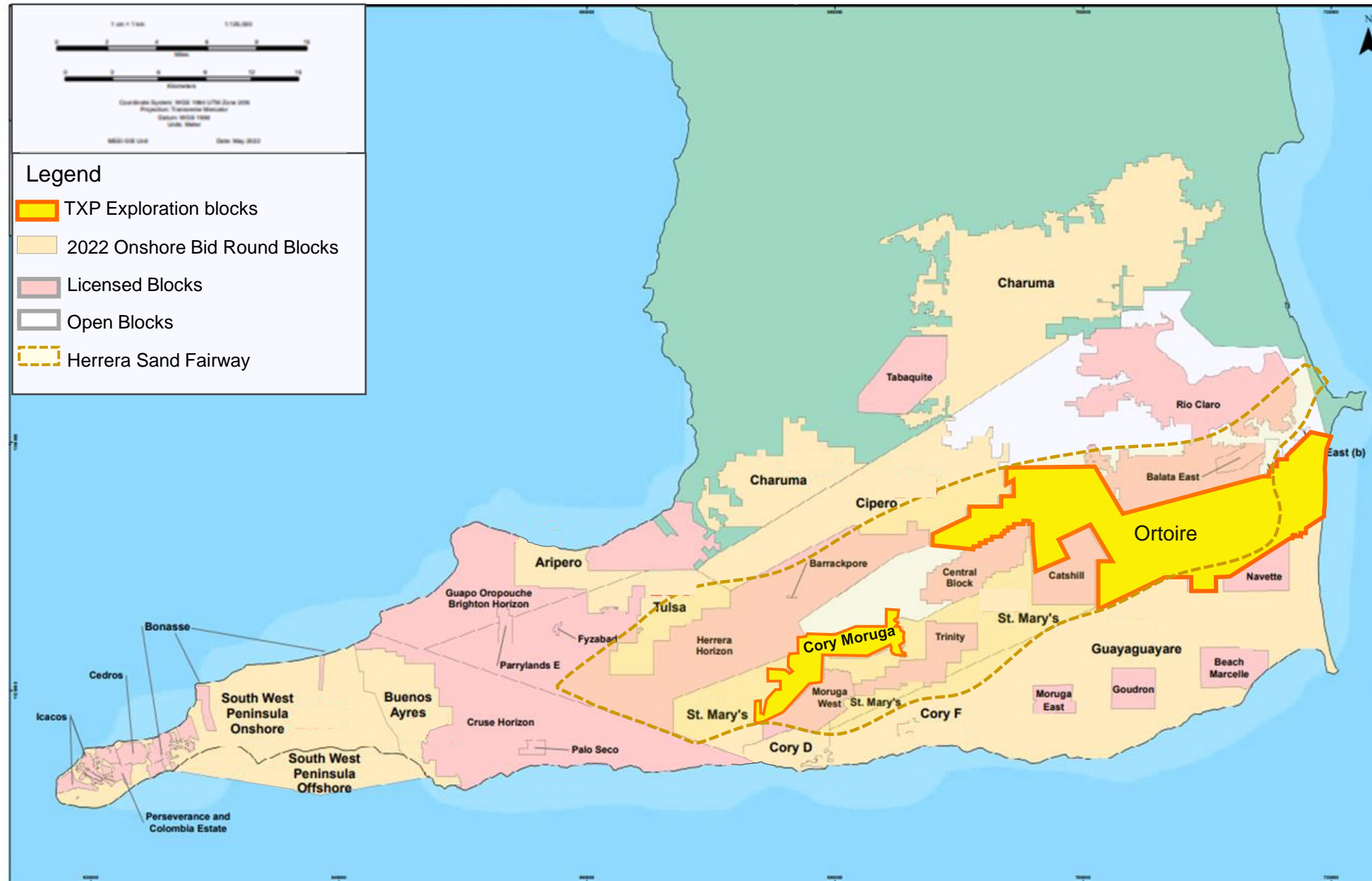
Kraken – Cretaceous Prospect⁽¹³⁾⁽¹⁴⁾

The key element to success in the Cretaceous play is for minimal post charge/maturation deformation

After being charged approximately 5 million years ago the Kraken structure has not moved



Trinidad 2022 Onshore Bid Round



2022 and Beyond

Significant growth opportunity for Touchstone and the Trinidad oil and gas industry

Near term

- First gas from the Ortoire block with the commissioning of the Coho facility
- Begin construction of the Cascadura surface facility, access roads and future development drilling locations
- Trinidad and Tobago's 2022 onshore bid round opportunities
- Re-enter the Royston-1 wellbore and sidetrack the well to evaluate the intermediate sheet and potentially the subthrust sheet in the Herrera Formation



2022 and Beyond

Mid term

- Complete the Cascadura production facility which is initially designed for 90 MMcf/d, expandable up to 200 MMcf/d
- Bring both Cascadura wells online, initial estimated net production to be approximately 9,200 boe/d₍₁₂₎
- Design and drill development well locations at Cascadura
- Design and drill development and exploration wells at Royston₍₁₃₎₍₁₄₎
- Continue with phase two of our exploration prospects at Ortoire, including Kraken, Royston Deep-1, Steelhead and Guabine₍₁₃₎₍₁₄₎

Long term

- Evaluate the additional 20 exploration prospects on the Ortoire block₍₁₃₎₍₁₄₎
- Be an industry leader on reducing greenhouse gas emissions and environmental impacts of our operations
- Be a leading onshore energy producer in the Caribbean

Why Invest

- **Significant near-term production uplift**
 - Cumulative increase in net production from Coho, Cascadura-1ST1 and Cascadura Deep-1 of approximately 10,500 boe/d once on production₍₁₂₎
- **Multiple exploration opportunities on the gas-rich Ortoire block**
 - Provides a strong 10 year drilling program₍₁₃₎₍₁₄₎
- **Experienced Management and Board**
 - Decades of experience in delivering shareholder value through transforming small exploration and production companies
- **Strong capital discipline**
 - Stable balance sheet and positive cash flows from operations
- **Driven to minimizing our impact on the environment**
 - In our inaugural Sustainability Report we set the standard to become early adapters to adhere to GRI, SASB and TCFD guidelines
- **Committed to enriching communities in which we operate**
 - Working with a community liaison to ensure that we have the maximum positive impact on the communities where we operate





*Driving production growth, profitability
and responsibility in the Trinidad energy
industry*



TSX : TXP | AIM : TXP

Corporate Information

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Year End: December 31
Engineers: GLJ Ltd.
Auditors: KPMG LLP
Legal: Norton Rose Fulbright LLP
Nunez & Co.
Transfer Agent: Odyssey Trust Company



Abbreviations

bbl(s)	barrel(s)
bbls/d	barrels per day
Mbbls	thousand barrels
MMbbls	million barrels
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
Bcf	billion cubic feet
Bcf/d	Billion cubic feet per day
MMBtu	million British Thermal Units
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent
MMboe	million barrels of oil equivalent
1P	Proved reserves
2P	Proved plus probable reserves
3P	Proved plus probable plus possible reserves
TPIIP	Total petroleum initially-in-place
AIM	AIM market of the London Stock Exchange plc
Brent	Dated Brent
LOA	Lease Operator Agreement
md	Millidarcies
NGLs	Natural gas liquids
TSX	Toronto Stock Exchange
\$ or US\$	United States dollars
\$MM	million dollars

End Notes

- 1) Touchstone's September 1, 2022 closing common share price on AIM.
- 2) Calculated as the product of the Company's September 1, 2022 closing common share price on AIM (£0.865/share) and 213,021,161 common shares outstanding.
- 3) Non-GAAP financial or other measure. Refer to "Advisories: Non-GAAP Financial Measures".

	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Common shares outstanding	103,137,143	103,137,143	129,021,428	129,021,428	129,021,428	129,021,428	129,021,428	160,688,095	160,688,095	160,688,095	160,703,095
End of period share price (£)	0.0938	0.0863	0.1250	0.1175	0.1550	0.1700	0.1275	0.1225	0.1650	0.1375	0.2225
Market Cap (£)	9,674,267	8,900,738	16,127,682	15,160,021	19,998,326	21,933,647	16,450,236	19,684,292	26,513,536	22,094,613	35,756,439
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	
Common shares outstanding	183,489,395	184,161,095	184,407,761	209,399,627	209,399,627	210,731,727	210,731,727	210,731,727	211,163,527	212,275,327	
End of period share price (£)	0.2450	0.5300	0.7550	1.2600	0.9450	0.7900	1.1650	0.9000	0.9140	0.7400	
Market Cap (£)	44,954,902	97,605,380	139,227,860	263,843,530	197,882,648	166,478,064	245,502,462	189,658,554	193,003,464	157,083,742	

5) Operating Netback (\$000's unless otherwise indicated)	Six months ended June 30, 2022
Petroleum sales	23,092
Royalties	(8,105)
Operating expenses	(4,421)
Operating netback	10,566
Total production (bbls)	254,837
Operating netback (\$/bbl)	41.46

End Notes

6) Net Debt (\$000's)	Six months ended June 30, 2022
Current assets	(20,717)
Current liabilities	20,371
Working capital surplus	(346)
Principal non-current balance of term loan	24,000
Net debt	23,654

- 7) Based on December 31, 2021 GLJ Ltd. independent reserves evaluations. Gross reserves are the Company's working interest share before deduction of royalties. See "Advisories: Oil and Gas Reserves" and "Advisories: Oil and Gas Measures".
- 8) Based on December 31, 2019, December 31, 2020, and December 31, 2021 GLJ Ltd. independent reserves evaluations. See "Advisories: Oil and Gas Reserves" and "Advisories: Oil and Gas Measures".
- 9) Source: Trinidad and Tobago Ministry of Energy and Energy Industries.
- 10) Source: BP Statistical Review of World Energy 2022.
- 11) Development drilling locations are based on December 31, 2021 GLJ Ltd. independent reserves evaluation and internal estimates. See "Advisories: Drilling Locations".
- 12) Coho-1, Cascadura-1ST1, Cascadura Deep-1 and Royston-1 feet of pay, estimated initial net production and production optimization potential are based off wireline log data and production test results. Actual results may differ from estimates, and such variances may be material. See "Advisories: Forward-looking Statements" and "Advisories: Oil and Gas Drilling and Test Results".
- 13) Ortoire exploration drilling locations are solely based on current internal estimates.
- 14) Ortoire exploration is subject to the executed extension of the Company's Ortoire exploration and production licence. See "Advisories: Forward-looking Statements".
- 15) Pool size is solely based on current internal estimates. See "Advisories: Forward-looking Statements".

Advisories

Currency

Unless otherwise stated, all financial amounts herein are presented in United States dollars. The Company may also reference Canadian dollars ("C\$"), Trinidad and Tobago dollars ("TT\$") and Pounds Sterling ("£") herein.

Forward-looking Statements

Certain information regarding Touchstone Exploration Inc. ("Touchstone", "we", "our", "us", or the "Company") set forth in this presentation may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities laws. 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. Forward-looking statements in this presentation include, but are not limited to, those in respect of the Company's exploration, development and production opportunities and activities, including anticipated drilling, timing, production testing, development, tie-in, facilities construction, and ultimate production and production rates from exploration and development wells; the quality and quantity of prospective hydrocarbon accumulations based on wireline logs, including the Company's interpretations thereof; field estimated production rates; the Company's expectation of future funds flow and capital expenditures; the Company's future Ortoire exploration activities and the execution of the Ortoire licence extension; the extent to which local communities will benefit from the Company's operations; the sufficiency of resources and available financing to fund future capital expenditures and maintain financial liquidity; and general business strategies and objectives. The Company has a reasonable basis for disclosing such statements, which represent the Company's internal projections, estimates or beliefs concerning future growth, and results of operations.

With respect to forward-looking statements contained in this presentation, the Company has made assumptions regarding: financial condition, outlook and results of operations, exploration, development and associated operational plans (including drilling, testing, facilities construction and recompletion programs) and the anticipated costs and timing thereof; estimated oil and gas reserves (including the magnitude, ability to recover, commerciality and net present value thereof); production rates and production decline rates; net feet of pay based on internal estimates of wireline logs; the success of exploration opportunities; plans for and results of production testing and anticipated initial production rates derived therefrom; the ability to secure necessary personnel, equipment, production licences, regulatory approvals 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; and business prospects and opportunities; and the impact the COVID-19 pandemic and geopolitical issues will have on the Company's future operations and future petroleum pricing, among other things.

In addition, 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.

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. New factors emerge from time to time, and it is not possible for Management to predict all of such factors and to assess in advance the impact of each such factor on Touchstone's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. 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. Some of the risks that could affect the Company's future results and could cause results to differ materially from those expressed in the forward-looking information are described under the heading "Advisories: Business Risks" in this presentation and are also set out in more detail in the Company's 2021 Annual Information Form dated March 25, 2022 which has been filed on SEDAR and can be accessed at www.sedar.com.

Advisories

Forward-looking Statements (Continued)

Investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Touchstone undertakes no obligation or intent to update any forward-looking statements or information except as required by law, including securities laws. All forward-looking statements and information contained in this presentation are qualified by such cautionary statements.

This presentation is for information purposes only and is not under any circumstances to be construed as a prospectus or an advertisement for a public offering of such securities. No securities commission or similar authority in Canada or elsewhere including the Toronto Stock Exchange has in any way passed upon this presentation, or the merits of any securities of Touchstone Exploration Inc., and any representation to the contrary is an offence. An investment in Touchstone Exploration Inc.'s securities should be considered highly speculative due to the nature of the proposed involvement in the exploration for and production of oil and natural gas.

This presentation and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. The securities of Touchstone Exploration Inc. have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Business Risks

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 Company is exposed to risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, ability to attract and retain qualified employees on a cost-effective basis, commodity and marketing risk. The Company is subject to significant drilling risks and uncertainties including the ability to find oil and natural gas reserves on an economic basis and the potential for technical problems that could lead to well blow-outs and environmental damage. The Company is exposed to risks relating to the inability to obtain timely regulatory approvals, surface access, access to third-party gathering and processing facilities, transportation and other third-party related operation risks. The Company is subject to industry conditions including changes in laws and regulations, including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced. There are uncertainties in estimating the Company's reserve and resource base due to the complexities in estimated future production, costs and timing of expenses and future capital. The Company is subject to the risk that it will not be able to fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its properties. The financial risks the Company is exposed to include, but are not limited to, the impact of general economic conditions in Canada, the United Kingdom and Trinidad, continued volatility in market prices for oil and natural gas, the impact of significant declines in market prices for oil and natural gas, the ability to access sufficient capital from internal and external sources, changes in income tax laws, royalties and incentive programs relating to the oil and natural gas industry, fluctuations in interest rates, the C\$ to US\$ exchange rate and the US\$ to TT\$ exchange rate. The Company is subject to local regulatory legislation, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties or production restrictions or the termination of licence, LOA or farm-in rights related to the Company's oil and natural gas interests in Trinidad. Certain of these risks are set out in more detail in the Company's 2021 Annual Information Form dated March 25, 2022 which has been filed on SEDAR and can be accessed at www.sedar.com.

Advisories

Oil and Gas Reserves

The reserves information for the Company's December 31, 2021 independent reserve report have been prepared by Touchstone's independent reserves evaluator, GLJ Ltd. ("GLJ"), dated March 4, 2022. The report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). All December 31, 2021 reserves presented are based on GLJ's forecast pricing dated January 1, 2022 and estimated costs effective December 31, 2021. Gross reserves are the Company's working interest share before deduction of royalties and Net reserves are the Company's working interest share after the deduction of royalty obligations. The disclosure in this presentation 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, 2021 are included in the Company's 2021 Annual Information Form dated March 25, 2022.

The recovery and reserve estimates of crude oil, natural gas and NGL reserves provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than or less than the estimates provided herein. This presentation summarizes the crude oil, natural gas and NGL reserves of the Company and the net present values of future net revenue for such reserves using forecast prices and costs as at December 31, 2021 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 herein 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 reserves information for the Company's December 31, 2020 independent reserve report have been prepared by Touchstone's independent reserves evaluator, GLJ, dated March 4, 2021. The report was prepared in accordance with definitions, standards and procedures contained in the COGEH and NI 51-101. All December 31, 2020 reserves presented are based on GLJ's forecast pricing dated January 1, 2021 and estimated costs effective December 31, 2020. Additional 2020 reserves information, as required under NI 51-101, are included in the Company's 2020 Annual Information Form dated March 25, 2021. The reserves information for the Company's December 31, 2019 independent reserve report have been prepared by Touchstone's independent reserves evaluator, GLJ, dated March 6, 2020. The report was prepared in accordance with definitions, standards and procedures contained in the COGEH and NI 51-101. All December 31, 2019 reserves presented are based on GLJ's forecast pricing dated January 1, 2020 and estimated costs effective December 31, 2019. Additional reserves information as required under NI 51-101 are included in the Company's 2019 Annual Information Form dated March 25, 2020.

This presentation uses the term "total petroleum initially-in-place", which means the quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

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.

Advisories

Oil and Gas Drilling and Test Results

References in this presentation to net feet of pay is based on the Company's interpretation of wireline logs, which is not necessarily indicative of the quantity and quality of prospective hydrocarbon accumulations. References in this presentation to production test rates and initial flow rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

Drilling Locations

This presentation discloses total drilling locations. Drilling locations are classified into three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the Company's reserves evaluation of GLJ Ltd. effective December 31, 2021 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 based on industry practice and internal review. Unbooked locations do not have attributed reserves. Unbooked locations have been identified by Management as an estimation of potential multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations, and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The locations on which the Company will drill wells will ultimately depend upon the availability of capital, regulatory approvals, crude oil and natural gas prices, costs, actual drilling results, additional reservoir information that can be obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where Management has less information about the characteristics of the reservoir, and therefore there is more uncertainty whether wells will be drilled in such locations; and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves or production.

Non-GAAP Financial Measures

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

Funds flow from operations is included in the Company's consolidated statements of cash flows. Touchstone considers funds flow from operations to be a key measure of operating performance as it demonstrates the Company's ability to generate the funds necessary to finance capital expenditures and repay debt. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow from operations provides a useful measure of the Company's ability to generate cash that is not subject to short-term movements in non-cash operating working capital.

Advisories

Non-GAAP Financial Measures (Continued)

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 sales. Operating netback per barrel is a non-GAAP ratio calculated by dividing the operating netback by total sales volumes for the period. Operating netback is presented herein prior to realized gains or losses on commodity derivative contracts. Please refer to endnote 5 for further information.

Net Debt and working capital are capital management measures used by Management to steward the Company's overall debt position and as measures of overall financial strength. Management monitors working capital and net debt to assess its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated as current assets minus current liabilities as they appear on the consolidated statements of financial position. Net debt is calculated by summing the Company's working capital and the principal (undiscounted) long-term amount of senior secured debt. Please refer to endnote 6 for further information.