Touchstone Exploration Inc.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2024 and 2023

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") for the three and nine months ended September 30, 2024 with comparisons to the three and nine months ended September 30, 2023 is dated November 12, 2024 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2024 (the "interim financial statements"), as well as with the Company's audited consolidated financial statements as at and for the year ended December 31, 2023 (the "audited 2023 financial statements"), each of which are available on our SEDAR+ profile (www.sedarplus.ca) and website (www.touchstoneexploration.com). The interim financial statements have been prepared by Management in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS" or "GAAP"). The interim financial statements were approved by the Company's Board of Directors (the "Board"). Accounting policies adopted by the Company are set out in the notes to the audited 2023 financial statements and interim financial statements. This MD&A should also be read in conjunction with Touchstone's MD&A for the three months and year ended December 31, 2023, as disclosure which is unchanged from December 31, 2023 may not be duplicated herein.

Unless otherwise stated, all financial amounts presented herein are rounded to thousands of United States dollars ("$" or "US$").

The Company may also reference Canadian dollars ("C$") and Trinidad and Tobago dollars ("TT$") herein, which are the functional and operational currencies of the Company's parent company and operating subsidiaries, respectively. All production volumes disclosed herein are sales volumes and are based on Company working interest before royalty burdens. Certain prior year amounts have been reclassified to conform to the current year presentation. In all cases where percentage (%) figures are provided, such percentages have generally been rounded to the nearest whole number and limited to increases or decreases of 100 percent.

Certain measures in this MD&A do not have any standardized meaning prescribed under IFRS and therefore are considered non-GAAP financial measures. Readers are cautioned that this MD&A should be read in conjunction with Touchstone's disclosure under the "*Advisories*" section herein which provides information on non-GAAP financial measures, forward-looking statements, oil and natural gas measures, product type disclosures and references to Touchstone.

About Touchstone Exploration Inc.

Touchstone is incorporated under the laws of Alberta, Canada with its head office located in Calgary, Alberta. The Company, through its subsidiaries, is a petroleum and natural gas exploration and production company active in the Republic of Trinidad and Tobago ("Trinidad"). Touchstone is currently the largest independent onshore oil and natural gas producer in Trinidad, with assets in several reservoirs that have an extensive internally estimated inventory of petroleum and natural gas development and exploration opportunities. The Company's common shares are traded on the Toronto Stock Exchange and the AIM market of the London Stock Exchange under the stock symbol "TXP". Our strategy is to leverage Canadian experience and capability to our Trinidad onshore properties to create shareholder value.

Financial and Operational Results Overview

	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
Operational						
Average daily production						
Crude oil[1] *(bbls/d)*	**1,239**	1,183	5	**1,188**	1,197	(1)
NGLs[1] *(bbls/d)*	**50**	176	(72)	**137**	59	100
Crude oil and liquids[1] *(bbls/d)*	**1,289**	1,359	(5)	**1,325**	1,256	5
Natural gas[1] *(Mcf/d)*	**23,531**	12,191	93	**27,349**	7,203	100
Average daily production *(boe/d)*[2]	**5,211**	3,391	54	**5,883**	2,457	100
Average realized prices[3]						
Crude oil[1] *($/bbl)*	**66.72**	71.89	(7)	**70.01**	66.38	5
NGLs[1] *($/bbl)*	**67.15**	78.12	(14)	**70.34**	78.12	(10)
Crude oil and liquids[1] *($/bbl)*	**66.74**	72.69	(8)	**70.04**	66.94	5
Natural gas[1] *($/Mcf)*	**2.47**	2.31	7	**2.47**	2.23	11
Realized commodity price *($/boe)*[2]	**27.65**	37.44	(26)	**27.25**	40.76	(33)
Production mix *(% of production)*						
Crude oil and liquids[1]	**25**	40		**23**	51	
Natural gas[1]	**75**	60		**77**	49	
Operating netback *($/boe)*[2]						
Realized commodity price[3]	**27.65**	37.44	(26)	**27.25**	40.76	(33)
Royalties[3]	**(7.11)**	(10.23)	(30)	**(6.62)**	(11.70)	(43)
Operating expenses[3]	**(5.08)**	(7.94)	(36)	**(4.50)**	(10.44)	(57)
Operating netback[3]	**15.46**	19.27	(20)	**16.13**	18.62	(13)
Financial *($000's except per share amounts)*						
Petroleum and natural gas sales	**13,253**	11,682	13	**43,927**	27,339	61
Cash from operating activities	**3,607**	343	100	**12,359**	4,231	100
Funds flow from operations	**3,024**	2,432	24	**13,134**	3,241	100
Net earnings	**1,847**	988	87	**8,814**	638	100
Per share – basic and diluted	**0.01**	0.00	n/a	**0.04**	0.00	n/a
Exploration capital expenditures	**452**	3,498	(87)	**620**	17,043	(96)
Development capital expenditures	**2,616**	111	100	**19,953**	720	100
Capital expenditures[3]	**3,068**	3,609	(15)	**20,573**	17,763	16
Working capital deficit[3]				**3,865**	13,419	(71)
Principal long-term bank debt				**25,728**	16,500	56
Net debt[3] – end of period				**29,593**	29,919	(1)
Share Information *(000's)*						
Weighted avg. shares outstanding:						
Basic	**236,382**	233,541	1	**235,189**	233,243	1
Diluted	**236,749**	237,138	-	**236,578**	236,947	-
Outstanding shares – end of period				**236,461**	234,213	1

Notes:

(1) In the table above and elsewhere in this MD&A, references to "crude oil" refer to "light and medium crude oil" and "heavy crude oil" product types combined; references to "NGLs" refer to condensate; and references to "natural gas" refer to "conventional natural gas", all as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). In addition, references to "crude oil and liquids" in this MD&A include crude oil and NGLs. Refer to the "*Advisories - Product Type Disclosures*" section of this MD&A for further information.

(2) In the table above and elsewhere in this MD&A, references to "boe" mean barrels of oil equivalent that are calculated using the energy equivalent conversion method. Refer to the "*Advisories - Oil and Natural Gas Measures*" section of this MD&A.

(3) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Third quarter 2024 financial and operational highlights

- Achieved average quarterly production of 5,211 boe/d (75 percent natural gas), a 54 percent increase relative to 3,391 boe/d produced in the third quarter of 2023 (60 percent natural gas), reflecting a full quarter of natural gas production from the Cascadura field, slightly offset by Cascadura natural gas and associated liquids natural declines.
- Realized petroleum and natural gas sales of $13,253,000 compared to $11,682,000 in the equivalent quarter of 2023, primarily attributed to a 93 percent increase in natural gas production volumes, slightly offset by a reduction in average realized crude oil and liquids pricing.
    - Crude oil production contributed $7,603,000 of petroleum sales at an average realized price of $66.72 per barrel.
    - Cascadura field production volumes in the quarter contributed $4,908,000 of natural gas sales at an average realized price of $2.50 per Mcf and $306,000 of petroleum sales at an average realized price of $67.15 per barrel.
    - Natural gas production from the Coho-1 well contributed $436,000 of natural gas sales in the quarter at an average realized price of $2.16 per Mcf.
- Generated an operating netback of $7,408,000, a 23 percent increase from the third quarter of 2023, primarily due to increased petroleum and natural gas sales and related royalties, as well as a 2 percent reduction in operating expenses.
- Achieved quarterly funds flow from operations of $3,024,000 in the third quarter of 2024 compared to $2,432,000 in the prior year equivalent period, attributed to the increase in operating netback partially offset by $722,000 of transaction costs incurred in the quarter.
- Recognized net earnings of $1,847,000 ($0.01 per basic and diluted share) compared to net earnings of $988,000 ($0.00 per basic and diluted share) in the comparative quarter of 2023.
- $3,068,000 in quarterly capital investments primarily focused on the completion of two Cascadura development wells, advancing the construction of the flowline from the Cascadura C site to the Cascadura natural gas processing facility and construction of the Cascadura B drilling pad.
- Exited the third quarter of 2024 with a cash balance of $6,549,000 and a net debt position of $29,593,000, resulting in a net debt to annual funds flow from operations ratio of 1.25 times, well within the Company's internal target of 2.0 times or below.
- Touchstone continued to accumulate Trinidad onshore acreage, executing two exploration and production licences in the third quarter for the Charuma and Cipero blocks.

Terminated Acquisition

On May 1, 2024, Touchstone announced that it reached an agreement with the Board of Directors of Trinity Exploration and Production Plc ("Trinity") on the terms of a recommended all-share acquisition by which Touchstone would acquire the entire issued and to be issued ordinary share capital of AIM listed Trinity to be implemented by means of a scheme of arrangement (the "Touchstone Offer"). Trinity's shareholders approved the Touchstone Offer on June 24, 2024. On June 28, 2024, Trinity announced that all Trinidad regulatory and anti-trust conditions related to the Touchstone Offer had been satisfied, and the court hearing to sanction the Touchstone Offer was scheduled for July 31, 2024.

On July 24, 2024, Trinity announced that it had received an unsolicited, non-binding indicative proposal from a Trinidad-based third party regarding a possible cash offer. Trinity postponed the court hearing to sanction the Touchstone Offer to August 23, 2024 to allow the possible cash offer to be advanced and evaluated. On August 2, 2024, Trinity announced that it reached agreement on the terms of a recommended all cash offer from the competing offeror to be implemented by means of a scheme of arrangement (the "Competing Offer"). The Board of Directors of Trinity withdrew their recommendation of the Touchstone Offer to pursue the Competing Offer at this time.

On August 21, 2024, Touchstone announced that it would not increase the Touchstone Offer. On September 18, 2024, Trinity announced that it was seeking permission from the court to formally withdraw the Touchstone Offer on September 25, 2024. In response, Touchstone confirmed that it would not exercise its right to implement the acquisition via a contractual offer as an alternative to a scheme of arrangement and on September 25, 2024, the Touchstone Offer lapsed.

Pursuant to the terminated acquisition, the Company incurred $722,000 and $1,942,000 in transaction costs during the three and nine months ended September 30, 2024, respectively.

Annual 2024 Guidance

We remain committed to financial discipline and maximizing value from our portfolio of development and exploration assets. Our primary near-term strategy is to increase cash flow through the development of the Cascadura field, targeting 2024 for significant progress. Our revised 2024 guidance is summarized in the table below.

Summary(1)	**2024 Guidance (December 19, 2023)**	**2024 Updated Guidance (August 13, 2024)**	**2024 Updated Guidance (November 12, 2024)**
Capital expenditures(2) *($000's)*	33,000	35,000	28,000
Average daily production *(boe/d)*	9,100 to 9,700	7,700 to 8,300	5,600 to 6,200
% natural gas	82%	82%	76%
% crude oil and liquids	18%	18%	24%
Average Brent crude oil price *($/bbl)*	75.00	82.00	80.00
% realized discount to Brent price	18%	16%	16%
Funds flow from operations(3) *($000's)*	32,000	28,000	17,000
Net debt – end of year(2)(3) *($000's)*	25,000	28,000	32,000

Notes:
(1) Forward-looking statement representing Management estimates. Refer to the "*Advisories - Forward-looking Statements*" section herein.
(2) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.
(3) The financial performance measures provided in the Company's 2024 guidance are based on the midpoint of the average production forecast, being 5,900 boe/d (formerly 9,400 boe/d and 8,000 boe/d).

In the third quarter of 2024, we faced delays in completing the final commissioning of the flowline connecting our Cascadura C well pad to the Cascadura natural gas processing facility. Additionally, bridge construction required for relocating the drilling rig to the Cascadura B well site was delayed.

Our capital guidance from August 13, 2024 originally planned for drilling two Cascadura development wells from the Cascadura B well pad in the fourth quarter of 2024. However, inclement weather delayed bridge construction, and we now anticipate drilling one Cascadura development well in December 2024, with the second well and related completion activities rescheduled for the first quarter of 2025. Consequently, our 2024 capital expenditures are expected to decrease from approximately $35 million to $28 million.

Our previous guidance projected initial production from the two Cascadura C wells by the end of September 2024. Production testing for our Cascadura-2ST1 and Cascadura-3ST1 development wells commenced on November 2, 2024. On November 9, 2024, the Cascadura-2ST1 well was placed on continuous production at an initial, choke-restricted gross natural gas flow rate of approximately 20 MMcf/d, accompanied by associated NGLs. Testing on the Cascadura-3ST1 well has verified it as a producer of medium gravity crude oil with natural gas. Touchstone plans to initiate continuous production from the Cascadura-3ST1 well at a choke-restricted initial gross production rate between 600 to 700 barrels of oil per day.

The delay in first production, along with updates to the type curves and commodity types for Cascadura-2ST1 and Cascadura-3ST1 based on initial test data, has led us to further update the midpoint of our 2024 annual production guidance from 8,000 boe/d to 5,900 boe/d. Earlier production expectations were based on the Cascadura-1ST1 natural gas type curve, which has since been adjusted with our production testing data and anticipated online volumes.

With a revised average mid-point production forecast and updated estimates for the 2024 average Brent crude oil price, we now expect to generate approximately $17 million in funds flow from operations, down from our previous forecast of $28 million. In line with the adjustments to our 2024 capital program, we have also revised our year-end 2024 net debt guidance to $32 million, reflecting a 14 percent increase from our previous guidance.

For further information regarding Touchstone's updated 2024 guidance and the related advisories, refer to the Company's news release dated November 13, 2024 entitled "*Touchstone Exploration Reports Third Quarter 2024 Results and Updated Guidance*" which is available under our profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

Principal Properties and Licences

Touchstone operates Trinidad-based upstream petroleum and natural gas activities under state exploration and production licences with the Government of the Republic of Trinidad and Tobago Ministry of Energy and Energy Industries ("MEEI"), Lease Operatorship Agreements ("LOAs") and an Enhanced Production Service Contract ("EPSC") with state owned Heritage Petroleum Company Limited ("Heritage") and private subsurface and surface leases with individual landowners.

A schedule of our Trinidad property interests as of September 30, 2024 is set forth below.

Property	**Working interest** *(%)*	**Licence type**	**Gross acres**(1)	**Net acres**(2)
Developed				
Balata East	100	EPSC	1,270	1,270
CO-1	100	LOA	1,230	1,230
WD-4	100	LOA	700	700
WD-8	100	LOA	650	650
Barrackpore	100	Private	211	211
Fyzabad	100	State and Private	564	564
Ortoire - Coho	80	State	1,317	1,054
Ortoire - Cascadura	80	State	2,377	1,902
	91		**8,319**	**7,581**
Exploratory				
Charuma	80	State	72,784	58,227
Cipero	80	State	29,924	23,939
Ortoire	80	State	36,950	29,560
	80		**139,658**	**111,726**
Total	**81**		**147,977**	**119,307**

Notes:
(1) "Gross" means the total area of properties in which we have an interest.
(2) "Net" means the total area of properties in which we have an interest multiplied by the working interest owned by us.

Effective November 5, 2024, Touchstone's Trinidadian subsidiary entered into an Exploration and Production (Public Petroleum Rights) Licence for the Rio Claro block. The Company holds an 80 percent operating working interest in the licence, with the National Gas Company of Trinidad and Tobago ("NGC") holding the remaining 20 percent working interest. Similar to the Company's Charuma, Cipero and Ortoire licences, the Rio Claro licence initially has a six-year exploration term, with the possibility of a 19-year extension for areas where commercial discoveries are approved by the MEEI.

Financial and Operational Results

Production volumes

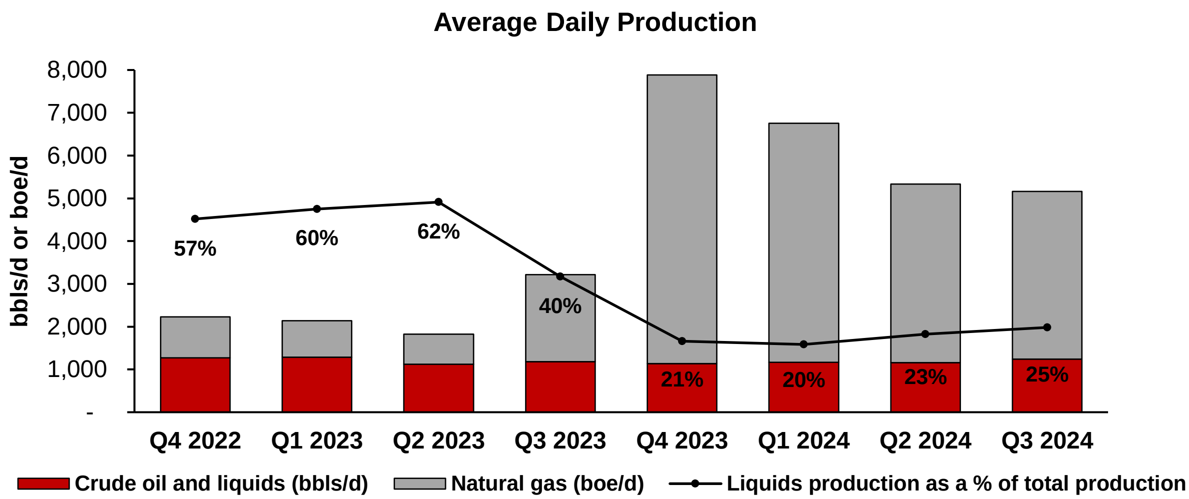
	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
Production						
Crude oil *(bbls)*	**113,953**	108,879	5	**325,477**	326,839	-
NGLs *(bbls)*	**4,557**	16,180	(72)	**37,575**	16,180	100
Crude oil and liquids *(bbls)*	**118,510**	125,059	(5)	**363,052**	343,019	6
Natural gas *(Mcf)*	**2,164,853**	1,121,585	93	**7,493,563**	1,966,347	100
Total production *(boe)*	**479,319**	311,990	54	**1,611,979**	670,743	100
Average daily production						
Crude oil *(bbls/d)*	**1,239**	1,183	5	**1,188**	1,197	(1)
NGLs *(bbls/d)*	**50**	176	(72)	**137**	59	100
Crude oil and liquids *(bbls/d)*	**1,289**	1,359	(5)	**1,325**	1,256	5
Natural gas *(Mcf/d)*	**23,531**	12,191	93	**27,349**	7,203	100
Average daily production *(boe/d)*	**5,211**	3,391	54	**5,883**	2,457	100
Production mix						
Crude oil and liquids *(%)*	**25**	40		**23**	51	
Natural gas *(%)*	**75**	60		**77**	49	

In the third quarter and year-to-date 2024, total and average daily commodity production volumes increased by 54 percent and 140 percent, respectively, compared to the same periods in 2023. This significant growth was primarily due to increased natural gas and associated liquids output from our Cascadura field, which commenced production operations in September 2023.

Crude oil production in Q3 2024 rose by 5 percent and remained steady for the nine months ending September 30, 2024, when compared to the equivalent periods in 2023. Our CO-374 and CO-375 wells, which became operational in late May 2024, contributed incremental production volumes of approximately 202 bbls/d and 87 bbls/d, respectively, for the three- and nine-month periods ending September 30, 2024. These gains offset natural production declines and reduced output following the sale of the CO-2 property, effective August 1, 2024 (refer to the "*Capital Acquisition and Dispositions*" section herein for further details).

NGL production experienced a 72 percent decline in Q3 2024 compared to the previous year equivalent period, driven by Cascadura production declines. NGL production in the third quarter of 2023 represented a period of initial flush production. However, on a year-to-date basis, 2024 NGL production rose by 132 percent relative to the same period in 2023, reflecting nine months of NGL production from the Cascadura-1ST1 and Cascadura Deep-1 wells.

Net natural gas production averaged 23.5 MMcf/d (3,922 boe/d) in Q3 2024, marking a substantial 93 percent increase from the 12.2 MMcf/d (2,032 boe/d) produced in the third quarter of 2023. For the nine months ending September 30, 2024, average natural gas production was 27.3 MMcf/d (4,558 boe/d), significantly up from 7.2 MMcf/d (1,201 boe/d) during the same period in 2023. These increases were driven by production from the Cascadura field throughout 2024, in contrast to 2023, when Cascadura wells came online in September and averaged 8.5 MMcf/d (1,413 boe/d) in the third quarter and 2.9 MMcf/d (476 boe/d) for the nine months ending September 30, 2023.

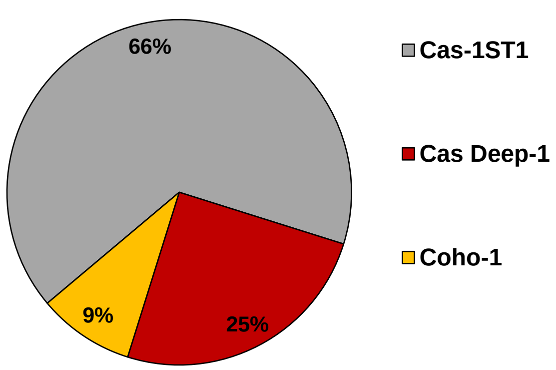


The following table summarizes crude oil and liquids production by property during the three and nine months ended September 30, 2024 and 2023.

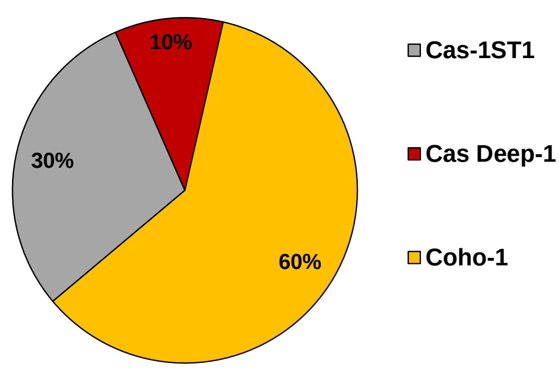
(bbls)	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
CO-1	**43,947**	29,430	49	**105,418**	94,567	11
WD-4	**41,310**	37,380	11	**123,950**	117,880	5
WD-8	**14,202**	26,651	(47)	**55,397**	63,738	(13)
Other minor fields	**14,494**	15,418	(6)	**40,712**	50,654	(20)
Cascadura	**4,557**	16,180	(72)	**37,575**	16,180	100
Crude oil and liquids production	**118,510**	125,059	(5)	**363,052**	343,019	6

The following graphs disclose natural gas production by well during the nine months ended September 30, 2024 and 2023.

Natural Gas Production by Well for the Nine Months Ended September 30, 2024



Natural Gas Production by Well for the Nine Months Ended September 30, 2023



Commodity prices

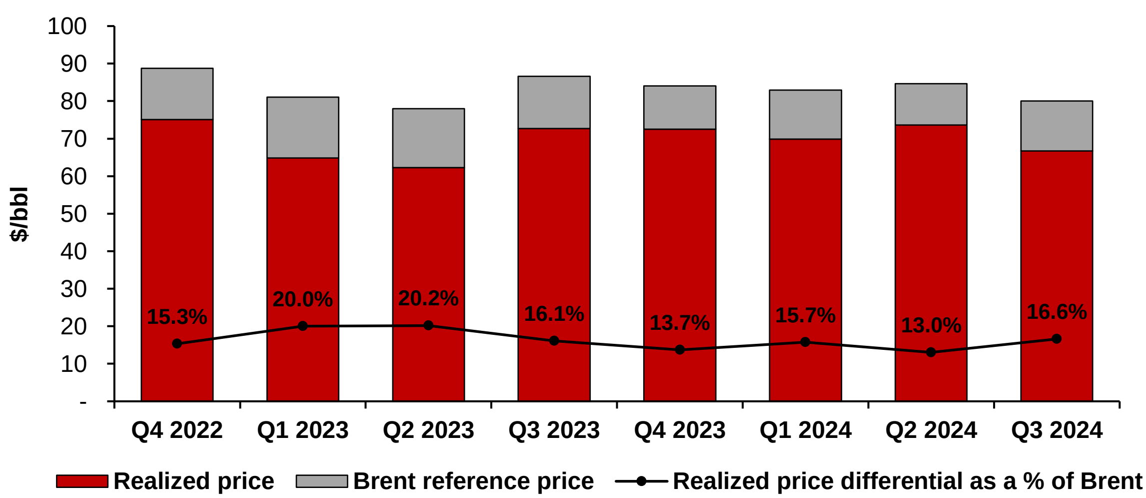
	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
Avg. benchmark prices[1]						
Brent *($/bbl)*	**80.01**	86.65	(8)	**82.50**	81.99	1
WTI *($/bbl)*	**75.10**	82.26	(9)	**77.54**	77.39	-
Average realized prices[2]						
Crude oil *($/bbl)*	**66.72**	71.89	(7)	**70.01**	66.38	5
NGLs *($/bbl)*	**67.15**	78.12	(14)	**70.34**	78.12	(10)
Crude oil and liquids *($/bbl)*	**66.74**	72.69	(8)	**70.04**	66.94	5
Natural gas *($/Mcf)*	**2.47**	2.31	7	**2.47**	2.23	11
Realized commodity price *($/boe)*	**27.65**	37.44	(26)	**27.25**	40.76	(33)

Notes:
(1) Average of the daily closing spot prices for a given product over the specified period. Source: US Energy Information Administration.
(2) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Our crude oil and liquids prices received are based on quality differentials and international marketing arrangements and therefore are attributed to factors that are beyond our control. Realized prices are primarily driven by the Brent benchmark price, as Trinidad crude oil and liquids are exported for refining and classified as waterborne crude. We receive the same monthly average price for NGL and crude oil production through various marketing arrangements with Heritage.

The Dated Brent benchmark price of $80.01 per barrel in Q3 2024 represented a decrease of 8 percent from the prior year comparative quarter and a 6 percent decrease relative to the second quarter of 2024. The decreases were primarily due to weaker global demand and consistent global production levels. On a year-to-date basis, the Dated Brent benchmark price averaged $82.50 per barrel, representing a nominal 1 percent increase from the equivalent 2023 period.

Average Realized Crude Oil and Liquids Price[1] and Differential to Brent



Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Touchstone realized an average crude oil and liquids price of $66.74 per barrel in Q3 2024 compared to an average of $72.69 per barrel reported in the equivalent quarter of 2023. Relative to the third quarter of 2023, the 8 percent decrease in Q3 2024 was driven by an 8 percent decrease in Brent reference pricing, combined with a widening of our realized crude oil and liquids price differential in relation to Brent benchmark pricing from 16.1 percent to 16.6 percent.

On a year-to-date basis, we realized an average crude oil and liquids price of $70.04 per barrel in 2024, a 5 percent increase relative to the $66.94 per barrel price received during the nine months ended September 30, 2023. The increase from the corresponding 2023 period reflected a 1 percent increase in the average Brent reference price and a narrowing of our realized price differential in relation to Brent reference pricing from 18.4 percent to 15.1 percent.

We realized average natural gas prices of $2.47 per Mcf during both the three and nine months ended September 30, 2024, respectively. In comparison to the prior year equivalent periods, the increases in our average natural gas prices were the result of higher heat values associated with natural gas production from our Cascadura field versus our Coho field, and the annual 2 percent inflation escalator in our natural gas marketing contract which came into effect on October 10, 2023. Touchstone is obligated to pay a $0.125 per Mcf processing fee to the third-party natural gas facility operator for Coho natural gas volumes which is netted against Coho natural gas sales and the realized prices disclosed herein.

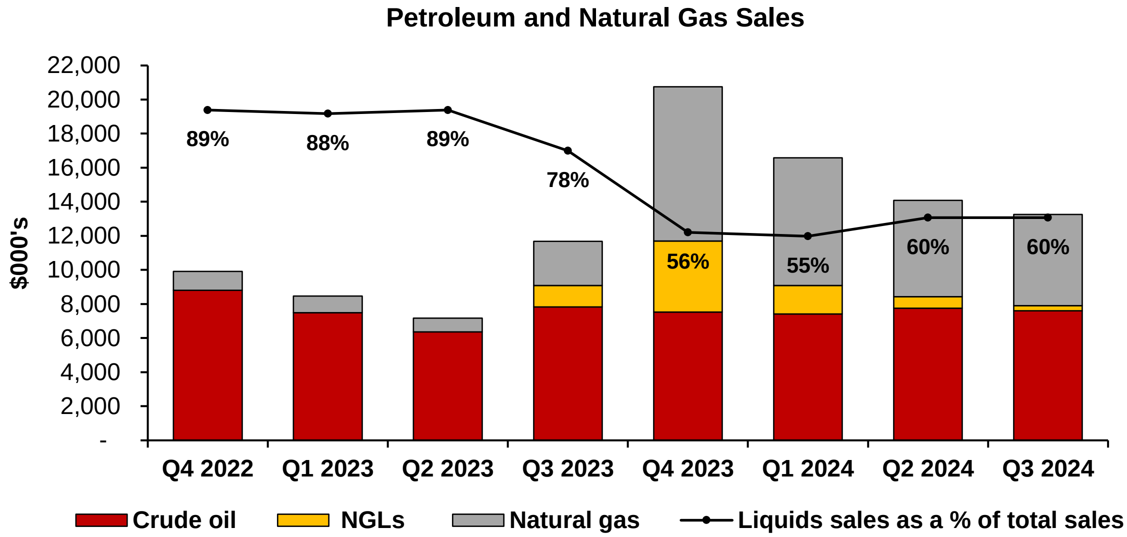
Petroleum and natural gas sales

($000's unless otherwise stated)	**Three months ended September 30,**		% change	**Nine months ended September 30,**		% change
	2024	2023		**2024**	2023	
Crude oil	**7,603**	7,827	(3)	**22,786**	21,697	5
NGLs	**306**	1,264	(76)	**2,643**	1,264	100
Natural gas	**5,344**	2,591	100	**18,498**	4,378	100
Petroleum and natural gas sales	**13,253**	11,682	13	**43,927**	27,339	61
Sales mix						
Crude oil and liquids *(%)*	**60**	78		**58**	84	
Natural gas *(%)*	**40**	22		**42**	16	

We sell all produced crude oil and NGL volumes to Heritage, with title transferring at our various sales batteries. As of September 30, 2024, we held approximately 3,968 barrels of crude oil and liquids inventory in comparison to 4,566 barrels as of December 31, 2023. We sell our Coho and Cascadura natural gas volumes to NGC, with title transferring at each facility.

Petroleum and natural gas sales in Q3 2024 increased 13 percent to $13,253,000 from $11,682,000 recognized in the comparative quarter of 2023. Compared to the third quarter of 2023, crude oil sales decreased by $224,000, with $589,000 attributed to lower realized pricing and $365,000 reflecting increased sales volumes. Third quarter 2024 NGL sales decreased by $958,000 compared to Q3 2023 predominantly due to natural declines associated with Cascadura natural gas volumes. Third quarter 2024 natural gas sales increased by $2,753,000 when compared to Q3 2023, with $346,000 of the variance related to higher realized pricing and $2,407,000 reflecting increased sales volumes.

For the nine months ended September 30, 2024, petroleum and natural gas sales were $43,927,000, representing a $16,588,000 or 61 percent increase from the $27,339,000 recognized in the equivalent 2023 period. Relative to the prior year period, 2024 year to date crude oil sales increased by $1,089,000, with $1,181,000 attributed to higher average realized pricing, partially offset by $92,000 from decreased sales volumes. For the nine months ended September 30, 2024, natural gas sales volumes produced from our Cascadura field generated $2,643,000 in associated NGL sales, representing a $1,379,000 increase from NGL sales reported in the same period of 2023. Year to date 2024 natural gas sales increased by $14,120,000 in comparison to the prior year equivalent period, with $1,798,000 of the variance reflecting an increase in average prices received and $12,322,000 attributed to increased sales volumes from our Cascadura field.



Royalties

Touchstone is obligated to pay a state royalty rate of 12.5 percent on all petroleum and natural gas production under MEEI and Heritage licences. For private leases, the Company incurs private royalties between 10 percent and 12.5 percent of crude oil sales.

In addition to state royalties, our LOAs with Heritage governing our CO-1, WD-4 and WD-8 blocks as well as our Balata East block EPSC apply a sliding scale overriding royalty ("ORR") structure indexed to the average price of crude oil realized in a production month. Base ORR rates are applicable to pre-defined monthly base production levels which decline by 2 percent per annum over the specific licence. For any monthly volumes sold in excess of base production levels, the Company incurs reduced enhanced ORR rates. For any production in excess of defined enhanced production levels, we incur super enhanced ORR rates which represent 50 percent of enhanced ORR rates.

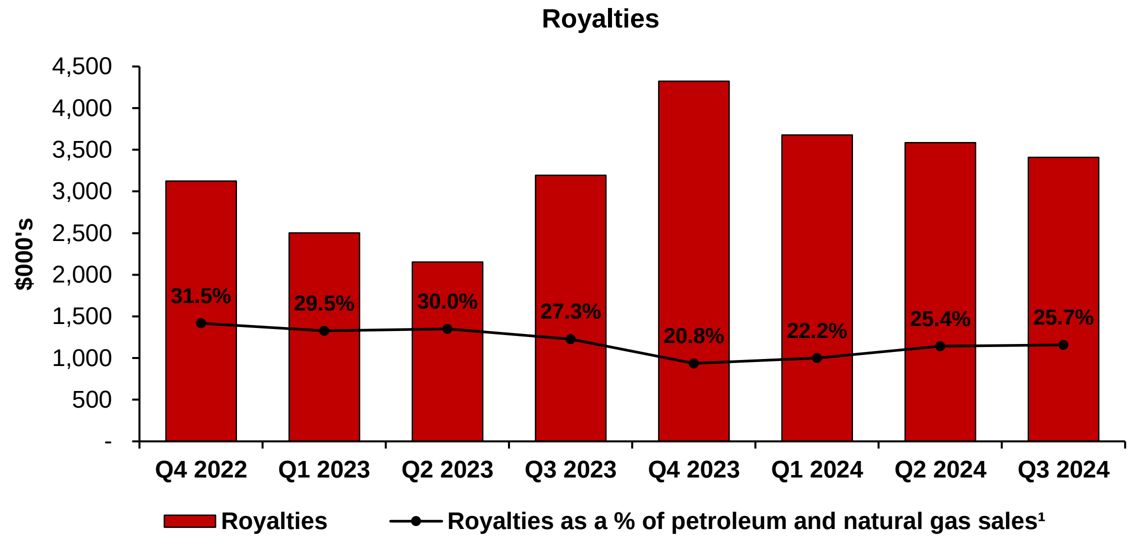
The following table sets forth royalty expenses for the periods indicated.

($000's unless otherwise stated)	**Three months ended September 30,**		% change	**Nine months ended September 30,**		% change
	2024	2023		**2024**	2023	
State royalties	**1,634**	1,438	14	**5,450**	3,281	66
Overriding royalties	**1,744**	1,687	3	**5,077**	4,361	16
Private royalties	**31**	68	(54)	**144**	207	(30)
Royalties	**3,409**	3,193	7	**10,671**	7,849	36
$ per boe(1)	**7.11**	10.23	(30)	**6.62**	11.70	(43)
As a % of petroleum and natural gas sales(1)	**25.7**	27.3	(6)	**24.3**	28.7	(15)

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Relative to Q3 2023, third quarter 2024 royalty expenses increased 7 percent, primarily driven by increased natural gas sales from our Ortoire block and increased Heritage ORR based on higher crude oil sales volumes. Compared to the nine months ended September 30, 2023, 2024 royalty expenses increased by 36 percent, mainly attributed to increased natural gas sales and NGL sales from our Ortoire concession. In addition, Heritage ORR increased 16 percent in the nine months ended September 30, 2024 relative to the 2023 equivalent period based on higher pricing received from our crude oil production.

Similarly, royalty expenses on a per boe basis and as percentage of petroleum and natural gas sales declined in comparison to the prior year comparative periods, reflecting increased 2024 Ortoire production which is solely subject to the 12.5 percent state royalty.



Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Operating expenses

($000's except per boe amounts)	Three months ended September 30, **2024**	2023	% change	Nine months ended September 30, **2024**	2023	% change
Operating expenses	**2,436**	2,478	(2)	**7,258**	7,001	4
$ per boe(1)	**5.08**	7.94	(36)	**4.50**	10.44	(57)

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

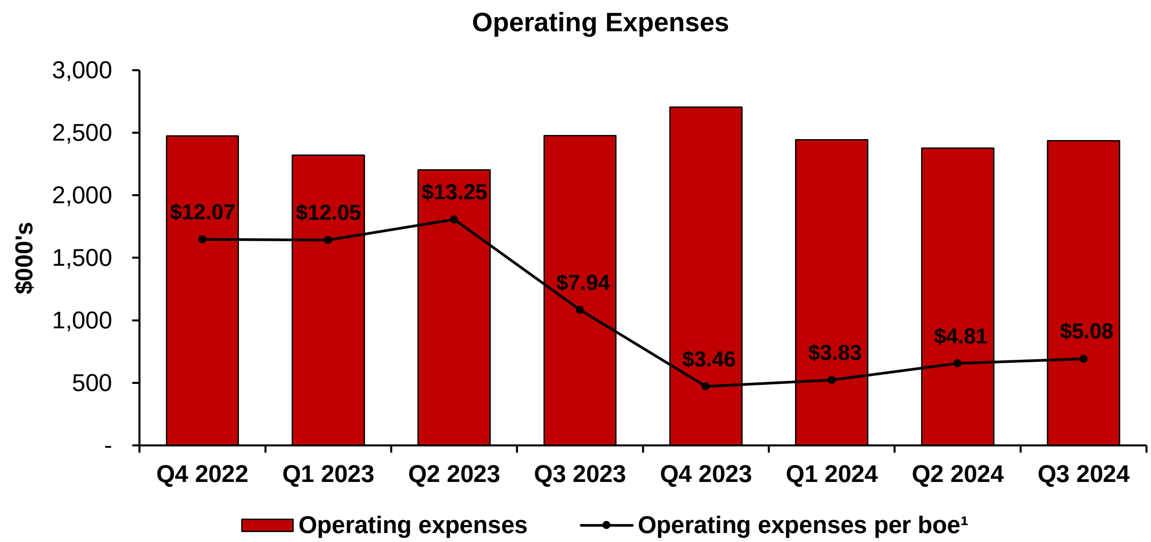
Operating expenses include all periodic lease, field-level and transportation expenses and directly attributable employee salaries and benefits. The Company's operating expenses by product type and field are approximations prepared by Management, and a number of assumptions are required to allocate these costs.

In Q3 2024, operating expenses decreased by 2 percent compared to the same period in 2023. The decrease was driven primarily by a $252,000 reduction in crude oil and liquids-related operating expenses, attributed to lower field maintenance costs in our crude oil producing fields. Natural gas operating expenses rose to an estimated $500,000, up from $290,000 in Q3 2023. This $210,000 increase was largely due to a full quarter of production and related costs from the Cascadura facility, which became operational in September 2023.

For the nine months ending September 30, 2024, operating expenses increased by 4 percent from the prior year comparative period. The variance was driven by a 63 percent increase in natural gas operating expenses, primarily due to increased production from the Cascadura field. Conversely, operating expenses for crude oil and liquids saw a reduction of approximately 6 percent from the prior year, reflecting improved efficiency and cost management.

For the three and nine months ended September 30, 2024, crude oil and liquids operating expenses were approximately $16.34 per barrel and $15.79 per barrel, respectively, reflecting a 7 percent and 11 percent decrease from the same periods of 2023. Relative to the prior year, the decline was attributed to reduced field activity and significantly lower operating costs for NGLs from the Cascadura facility compared to historical crude oil operations.

Estimated operating expenses associated with natural gas production averaged $1.38 per boe and $1.20 per boe during the three and nine months ended September 30, 2024, an 11 percent and 58 percent reduction, respectively, compared to the prior year comparative periods. The decreased per boe costs in comparison to the comparative 2023 periods were largely driven by increased production from the Cascadura field, which have lower associated operating costs on a per boe basis in comparison to Coho operating expenses.



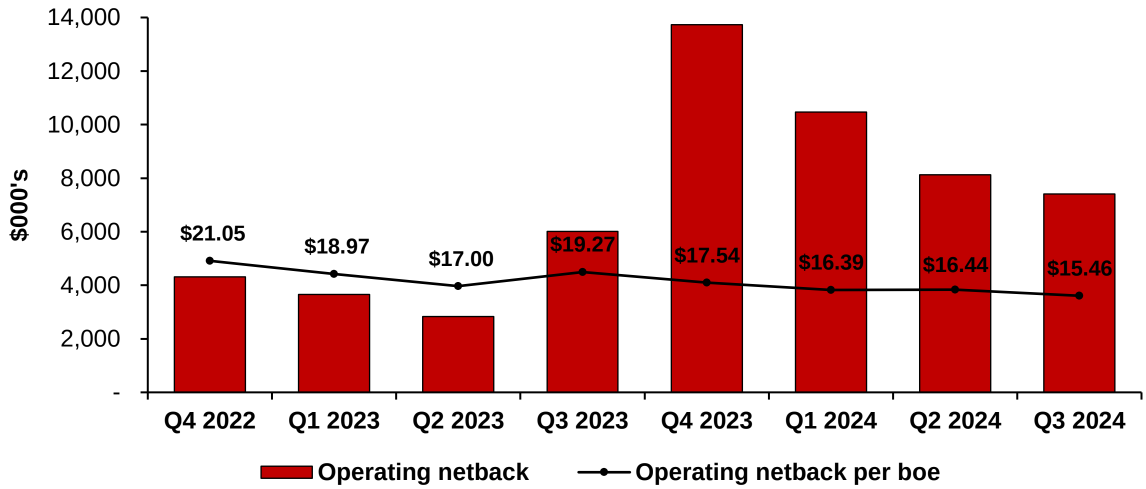
Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Operating netback

	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
($000's)						
Petroleum and natural gas sales	**13,253**	11,682	13	**43,927**	27,339	61
Royalties	**(3,409)**	(3,193)	7	**(10,671)**	(7,849)	36
Operating expenses	**(2,436)**	(2,478)	(2)	**(7,258)**	(7,001)	4
Operating netback(1)	**7,408**	6,011	23	**25,998**	12,489	100
($/boe)						
Realized commodity price(1)	**27.65**	37.44	(26)	**27.25**	40.76	(33)
Royalties(1)	**(7.11)**	(10.23)	(30)	**(6.62)**	(11.70)	(43)
Operating expenses(1)	**(5.08)**	(7.94)	(36)	**(4.50)**	(10.44)	(57)
Operating netback(1)	**15.46**	19.27	(20)	**16.13**	18.62	(13)

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Operating Netback[1]



Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

General and administration ("G&A") expenses

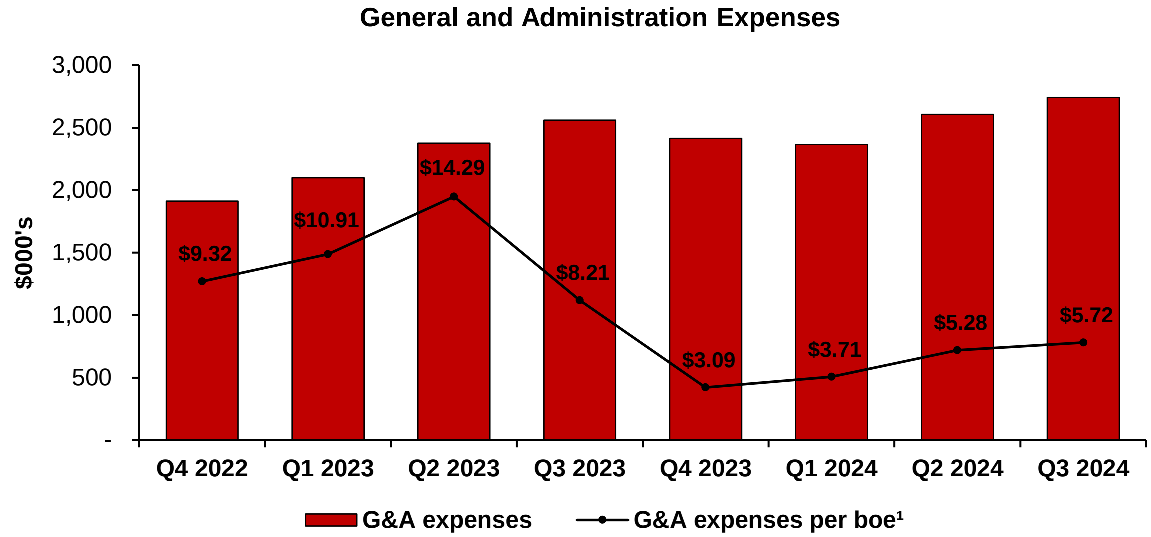
($000's except per boe amounts)	Three months ended September 30, **2024**	2023	% change	Nine months ended September 30, **2024**	2023	% change
Gross G&A expenses	**2,890**	2,790	4	**8,018**	7,760	3
Capitalized G&A expenses	**(148)**	(230)	(36)	**(302)**	(723)	(58)
G&A expenses	**2,742**	2,560	7	**7,716**	7,037	10
$ per boe[1]	**5.72**	8.21	(30)	**4.79**	10.49	(54)

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Third quarter and year to date 2024 gross G&A expenses increased by 4 and 3 percent, respectively, compared to the same periods of 2023. Relative to Q3 2023, the increase was primarily attributable to elevated insurance premiums and information technology expenses, slightly offset by decreased legal fees, public company expenses and foreign exchange variances from the translation of Canadian head office costs based on a weaker Canadian dollar throughout 2024.

Capitalized G&A expenses declined in the three and nine months ended September 30, 2024 compared to the same periods of 2023 predominately from decreased employee hours allocated to capital projects.

Third quarter 2024 G&A expenses were $5.72 per boe, representing a 30 percent decrease from the $8.21 per boe reported in the comparative quarter of 2023. A 7 percent increase in third quarter 2024 G&A expenses in relation to the prior year equivalent quarter was fully offset by a 54 percent increase in production volumes on a per boe basis. Year to date 2024 G&A expenses on a per boe basis declined 54 percent from the equivalent 2023 period, as a 140 percent increase in production volumes achieved in 2024 offset a 10 percent increase in G&A expenditures.



Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Net finance expenses

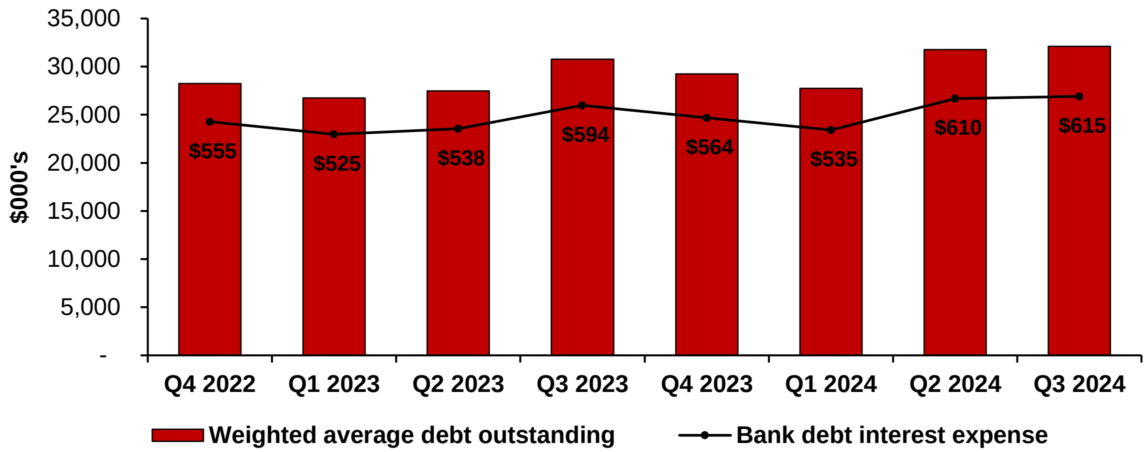
($000's except per boe amounts)	Three months ended September 30, **2024**	2023	% change	Nine months ended September 30, **2024**	2023	% change
Interest income	**(7)**	(12)	(42)	**(20)**	(57)	(65)
Finance lease interest income	**(6)**	(10)	(40)	**(21)**	(34)	(38)
Lease liability interest	**84**	75	12	**270**	203	33
Bank debt interest	**615**	594	4	**1,760**	1,657	6
Accretion on bank debt	**27**	8	100	**41**	7	100
Finance expense	**6**	-	n/a	**18**	114	(84)
Other liability revaluation gain	**-**	(45)	(100)	**-**	(353)	(100)
Accretion on decommissioning liabilities	**57**	65	(12)	**166**	188	(12)
Other	**(1)**	(1)	-	**1**	11	(91)
Net finance expenses	**775**	674	15	**2,215**	1,736	28
Cash net finance expenses(1)	**692**	647	7	**2,007**	1,895	6
Non-cash net finance expenses (income)(1)	**83**	27	100	**208**	(159)	n/a
Net finance expenses	**775**	674	15	**2,215**	1,736	28
$ per boe(1)	**1.62**	2.16	(25)	**1.37**	2.59	(47)

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Net finance expenses in the third quarter of 2024 were $775,000 compared to $674,000 recognized in the same period of 2023. For the nine months ended September 30, 2024, net finance expenses were $2,215,000, representing a $479,000 or 28 percent increase from the $1,736,000 recognized in the prior year comparative period.

Relative to Q3 2023, 2024 third quarter cash finance expenses increased by $45,000 due to an increase in bank interest expense from higher weighted average debt balances. On a year-to-date basis, 2024 cash finance expenses increased by $112,000 from the 2023 comparative period, as a one-time debt issuance expense incurred in 2023 was fully offset by increased bank interest expense from higher weighted average debt balances outstanding, increased lease liability expenses and decreased interest and finance lease interest income (refer to the "*Liquidity and Capital Resources - Bank Debt*" section herein for further details).

Bank Debt and Interest Expense



We granted our former lender a production payment equal to 1.33 percent of petroleum and natural gas sales from Trinidad land holdings, payable quarterly through October 31, 2023. The production liability was revalued at each reporting period based on changes to internally forecasted petroleum and natural gas production and forward product pricing. During the 2023 year, the production liability was repaid and extinguished. The Company recognized revaluation gains of $45,000 and $353,000 in connection with the former obligation during the three and nine months ended September 30, 2023, respectively.

Exploration costs

Touchstone incurred $61,000 and $231,000 in exploration costs during the three and nine months ended September 30, 2024, respectively (2023 - $nil and $nil). The costs related to ongoing lease maintenance expenditures in the Royston exploration area of the Ortoire block.

Foreign exchange and foreign currency translation

Touchstone's presentation currency is the United States dollar. Our parent company has a Canadian dollar functional currency while our Trinidadian subsidiaries have Trinidad and Tobago dollar functional currencies. In each reporting period, the change in values of the C$ and TT$ relative to the US$ reporting currency are recognized. The applicable foreign exchange ("FX") rates used to translate our TT$ and C$ denominated items are set forth in the following table.

Applicable FX rates		**Three months ended September 30,**			**Nine months ended September 30,**	% change
	2024	2023		**2024**	2023	
US$:C$ average FX rate(1)	**1.365**	1.342	2	**1.361**	1.347	1
US$:TT$ average FX rate(2)	**6.749**	6.745	-	**6.749**	6.749	-
	September 30, 2024	June 30, 2024		**September 30, 2024**	December 31, 2023	% change
US$:C$ closing FX rate(1)	**1.353**	1.367	(1)	**1.353**	1.325	2
US$:TT$ closing FX rate(2)	**6.739**	6.717	-	**6.739**	6.716	-

Notes:
(1) Source: TSX InfoSuite average daily exchange rates for the specified periods and daily exchange rates for the specified dates.
(2) Source: Central Bank of Trinidad and Tobago average daily buying and selling exchange rates for the specified periods and average daily buying and selling exchange rates for the specified dates.

The revenues and expenses of our Canadian head office and Trinidadian operations are translated to US$ at the average monthly exchange rates relative to the date of the transactions. Fluctuations in the exchange rate between the TT$ and the US$ and the C$ to US$ could have a material effect on our reported results. Refer to the "*Market Risk Management - Foreign currency risk*" section of this MD&A for further information.

During the three and nine months ended September 30, 2024, the C$ depreciated 2 percent and 1 percent relative to the US$, respectively, in comparison to the corresponding average rates observed in the 2023 equivalent periods. Relative to the US$, the TT$ remained range bound during the three and nine months ended September 30, 2024 and 2023. In aggregate, we recorded foreign exchange losses of $120,000 and $51,000 during the three and nine months ended September 30, 2024, respectively (2023 - gains of $5,000 and $67,000). Foreign exchange gains and losses include amounts that are unrealized in nature and may be reversed in the future as a result of fluctuations in prevailing exchange rates.

The assets and liabilities of our parent company and subsidiaries are translated to US$ dollars at the exchange rate on the reporting period date for presentation purposes, with all foreign currency differences recorded in other comprehensive loss. Relative to the US$, on September 30, 2024 the C$ closed 1 percent stronger versus June 30, 2024 and 2 percent weaker versus December 31, 2023. In comparison to the US$, the TT$ remained consistent over the corresponding periods. We recognized foreign currency translation losses of $120,000 and $275,000 during the three and nine months ended September 30, 2024, respectively (2023 - loss of $179,000 and a gain of $25,000).

Share-based compensation

For a full description of our share-based compensation plans, refer to Note 14 "*Share-based Compensation Plans*" of our interim financial statements.

Stock option plans

At September 30, 2024, Touchstone had an aggregate 11,731,000 stock options outstanding under its former stock option plan (the "Legacy Plan") and its omnibus incentive compensation plan (the "Omnibus Plan") (December 31, 2023 - 14,327,935). The Omnibus Plan was adopted in June 2023 primarily to allow the Company the ability to award stock options, restricted share units ("RSUs") and performance share units ("PSUs") to our directors, officers, employees and consultants. No additional stock options will be granted under the Legacy Plan, and all outstanding stock options previously issued pursuant to the Legacy Plan will continue to be governed by such plan and will continue to vest in accordance with their existing vesting schedules.

Long-term incentive plans

At September 30, 2024 Touchstone had 1,447,780 RSUs and 1,397,780 PSUs outstanding under its Omnibus Plan which were granted in July 2024 (December 31, 2023 - nil and nil). The RSUs vest one third on each of the next three anniversaries of the grant date and the number of share awards are fixed. The PSUs vest on July 12, 2027 and the number of share awards are variable based on predefined corporate performance measures. Each award may, in the Board's sole discretion, entitle the holder to be issued the number of Company common shares designated in the award or receive a payment in cash. All RSUs and PSUs are currently accounted for as cash settled, with the obligation accrued as an expense over the vesting period based on the fair value of the awards, being the underlying share price at each financial period end.

The Company offers a deferred share unit plan to non-employee directors. At September 30, 2024, 977,332 deferred share units ("DSUs") were outstanding (December 31, 2023 - nil). The DSUs fully vest on the grant date but are only available for redemption when the director ceases to be a member of the Board. The fair value of the cash settled DSUs was equal to the underlying share price on the grant date and are subsequently adjusted to the underlying share price at each financial period end.

The following table sets forth share-based compensation expenses recorded in relation to issued awards pursuant to our share-based compensation plans for the periods indicated.

($000's)	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
Share-settled compensation	**232**	246	(6)	**968**	963	1
Cash settled compensation	**549**	-	n/a	**549**	-	n/a
Capitalized expenses	**(30)**	(34)	(12)	**(56)**	(138)	(59)
Share-based compensation expense	**751**	212	100	**1,461**	825	77

Share-based compensation expense recognized during the three and nine months ended September 30, 2024 was $751,000 and $1,461,000, respectively (2023 - $212,000 and $825,000).

Share settled share-based compensation expense relates to options issued under the Legacy Plan and the Omnibus Plan. Share-settled share-based compensation expense were consistent in the three and nine months ended September 30, 2024, respectively, compared to the equivalent periods in 2023.

Cash settled share-based compensation expense relates to the Company's cash settled long-term incentive plans and includes cash or share settled RSUs and PSUs and cash settled DSUs. For the three and nine months ended September 30, 2024, we recognized an expense of $549,000 in relation to the July 2024 issuance of share awards.

Depletion and depreciation expense

($000's except per boe amounts)	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
Depletion expense	**1,636**	1,147	43	**4,907**	3,172	55
Depreciation expense	**880**	459	92	**1,643**	852	93
Depletion and depreciation expense	**2,516**	1,606	57	**6,550**	4,024	63
Depletion expense per boe(1)	**3.41**	3.68	(7)	**3.04**	4.73	(36)

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

For the three and nine months ended September 30, 2024, depletion expense associated with our petroleum and natural gas development assets included in property, plant and equipment ("PP&E") increased by 43 percent and 55 percent, respectively, compared to the same periods of 2023. The increases in depletion expenses in 2024 in relation to 2023 primarily reflected additional production volumes and reserves additions from our Cascadura field.

On a per boe basis, the Company's third quarter and year to date 2024 depletion expenses decreased by 7 percent and 36 percent, respectively, in comparison to the equivalent prior year periods, primarily based on incremental Cascadura production volumes.

Relative to the three months ended September 30, 2023, the increase in Q3 2024 depreciation expense was primarily attributed to incremental depreciation recorded on a right-of-use ("ROU") asset related to the expiration of the initial term of a drilling services lease arrangement (refer to the "Contractual Obligations and Commitments" section herein for further information). The increase in depreciation expense reported during the nine months ended September 30, 2024 relative to the equivalent 2023 period reflected higher net asset carrying values associated with lease ROU assets, additional depreciation recorded on the aforementioned drilling lease ROU asset, as well as an increase in depreciation of drilling rig mobilization expenses which were recorded when the associated drilling rig was in use in the first quarter of 2024.

Impairment of non-financial assets

Exploration and evaluation ("E&E") asset impairment

We recognized a net E&E asset impairment reversal of $9,000 in Q3 2024 and a net E&E asset impairment expense of $19,000 on a year-to-date 2024 basis. During the three and nine months ended September 30, 2024, the Company recognized E&E asset impairment expenses of $4,000 and $73,000, respectively, related to capital expenses incurred in the Royston area of the Ortoire block. The impairment expenses were offset by impairment reversals of $13,000 and $54,000 recorded in the third quarter and year to date periods of 2024, reflecting changes in long-term inflation estimates that decreased corresponding decommissioning liabilities related to previously impaired assets.

During the three and nine months ended September 30, 2023, we recognized E&E asset impairments of $18,000 and $47,000 predominately related to our Cory Moruga exploration property, respectively. 2023 impairment expenses reflected licence financial obligations, partially offset by changes in long-term inflation estimates that decreased corresponding decommissioning liabilities. Our working interest in the property was sold in September 2024 (refer to the "*Capital Acquisitions and Dispositions*" section herein for further information).

PP&E impairment

We performed an impairment test on our CO-2 property prior to transferring the assets and related liabilities to held for sale on March 31, 2024. The impairment test determined that the fair value of the property's associated net assets was not sufficient to support its carrying value, which resulted in a pre-tax impairment expense of $474,000 recorded during the nine months ended September 30, 2024 (refer to the "*Capital Acquisitions and Dispositions*" section of this MD&A for further information).

On September 30, 2024 and 2023, we evaluated our petroleum and natural gas development assets included in PP&E for indicators of any potential impairment or reversal. As a result of these assessments, no indicators were identified.

Other expenses

In the fourth quarter of 2022 we filed a claim through our general and pollution liability policy relating to a crude oil spill in June 2022. In 2023, Touchstone received final insurance proceeds of $112,000 in the third quarter and an aggregate $552,000 on a year-to-date basis from the claim.

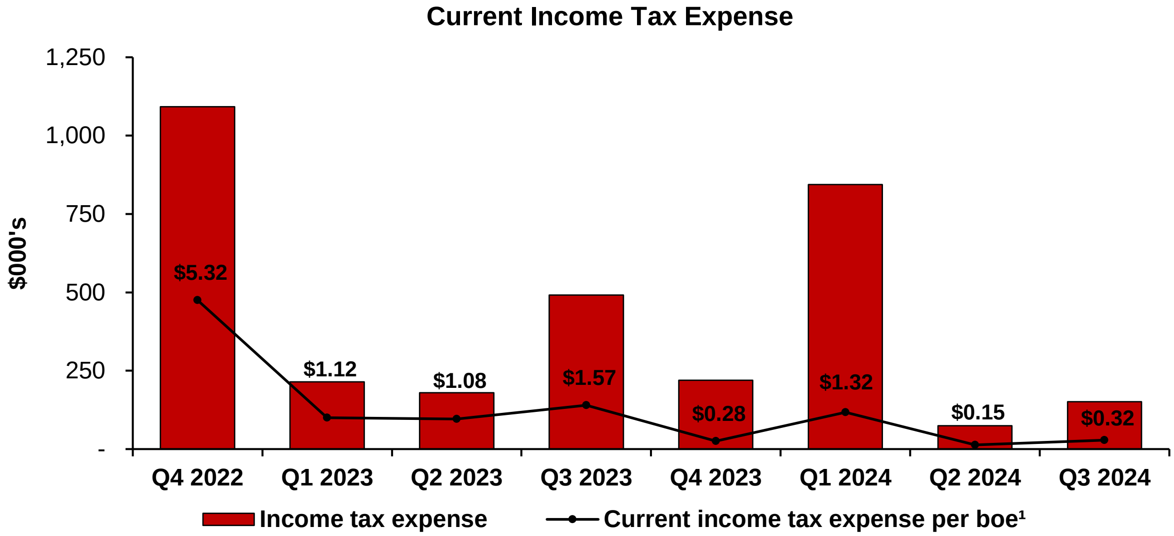
Income taxes

Current income tax

($000's except per boe amounts)	**Three months ended September 30,**		% change	**Nine months ended September 30,**		% change
	2024	2023		**2024**	2023	
Supplemental petroleum tax	**-**	230	(100)	**-**	234	(100)
Petroleum profits tax	**(66)**	152	n/a	**133**	381	(65)
Unemployment levy	**(26)**	61	n/a	**51**	152	(66)
Other taxes	**243**	48	100	**886**	119	100
Current income tax expenses	**151**	491	(69)	**1,070**	886	21
$ per boe(1)	**0.32**	1.57	(80)	**0.66**	1.32	(50)

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

During the three and nine months ended September 30, 2024, the Company recognized current income tax expenses of $151,000 and $1,070,000, respectively, compared to $491,000 and $886,000 in the equivalent periods of 2023. Relative to Q3 2023, the decrease in third quarter 2024 current income tax expenses was driven by lower Trinidad-based net taxable profits, partially offset by increased withholding taxes associated with intercompany transactions. On a year-to-date basis, the increase in 2024 current income tax from the prior year comparative period was attributed to increased withholding taxes, partially offset by lower Trinidad-based net taxable profits and no current year SPT expenses incurred.



Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Further information regarding our current income taxes is included in Note 15 "*Income Taxes*" of our interim financial statements.

Deferred income tax

Our $19,178,000 net deferred income tax liability balance represented the estimated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective income tax bases as at September 30, 2024 (December 31, 2023 - $21,433,000). The deferred income tax balance remained in a liability position mainly from the discrepancy between the financial statement carrying values and the income tax values of the Company's petroleum and natural gas development assets included within PP&E.

During the three and nine months ended September 30, 2024, we recognized deferred income tax recoveries of $1,488,000 and $2,178,000, respectively, reflecting the usage of non-capital carry forward losses and a decrease in the variance between our PP&E carrying amounts and their underlying income tax basis, partially offset by a reduction in deductible interest reserves (2023 - recoveries of $400,000 and $1,230,000).

Net earnings

We recorded net earnings of $1,847,000 ($0.01 per basic and diluted share) in the third quarter of 2024 compared to net earnings of $988,000 ($0.00 per basic and diluted share) in the prior year equivalent quarter.

Net earnings for the nine months ended September 30, 2024 was $8,814,000 ($0.04 per basic and diluted share), representing an $7,859,000 increase from the $638,000 net earnings ($0.00 per basic and diluted share) recognized in the corresponding 2023 period.

The following table sets forth details of the change in net earnings from the three and nine months ended September 30, 2023 to the three and nine months ended September 30, 2024.

($000's)	**Three months ended September 30,**	**Nine months ended September 30,**
Net earnings – 2023	988	638
Cash items		
Funds flow from operations	**592**	**9,893**
Decommissioning expenditures	**19**	**1**
Cash variances	**611**	**9,894**
Non-cash items		
Non-cash finance expenses	**(56)**	**(367)**
Gain on asset dispositions	**782**	**1,517**
Unrealized foreign exchange	**(144)**	**(208)**
Share-based compensation expense	**(539)**	**(636)**
Depletion and depreciation expense	**(910)**	**(2,526)**
Impairment	**27**	**(446)**
Deferred income tax	**1,088**	**948**
Non-cash variances	**248**	**(1,718)**
Net earnings – 2024	**1,847**	**8,814**

Cash from operating activities

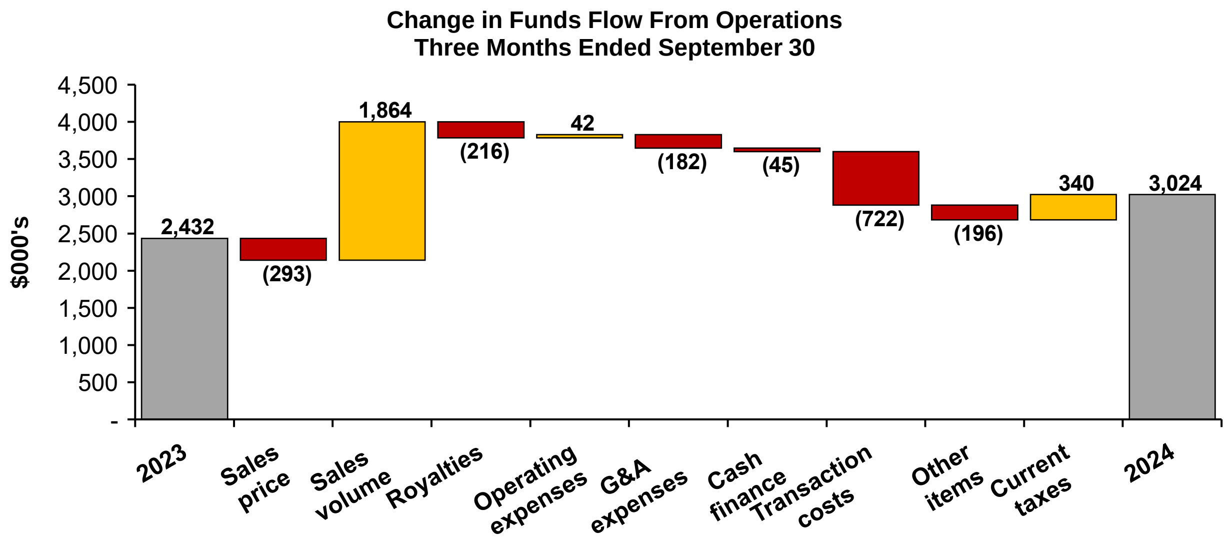
The following table details the change in cash from operating activities from the three and nine months ended September 30, 2023 to the three and nine months ended September 30, 2024.

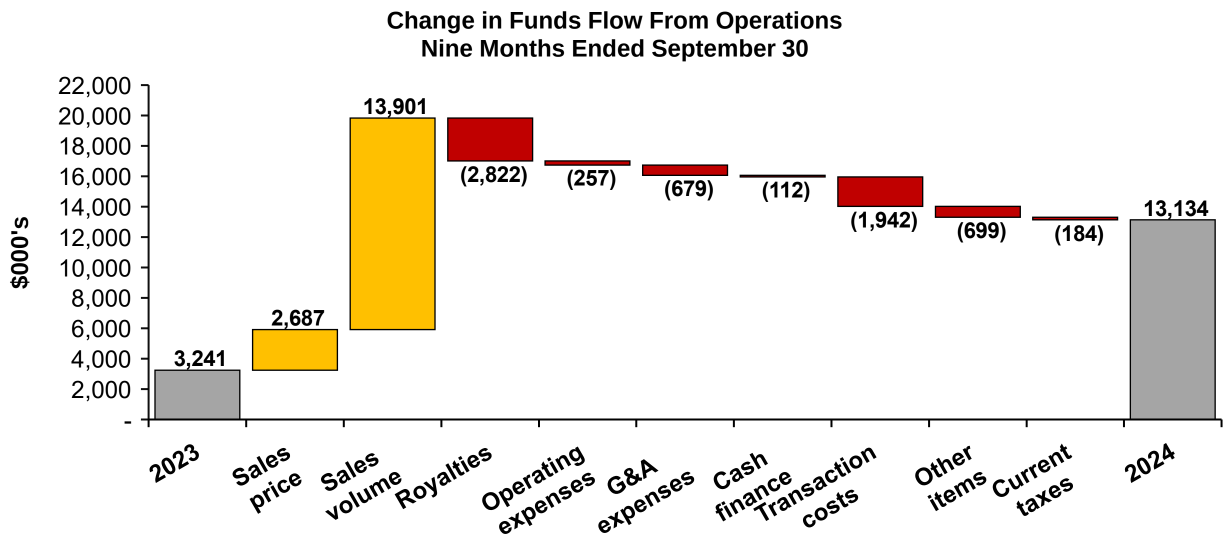
($000's)	**Three months ended September 30,**	**Nine months ended September 30,**
Cash from operating activities – 2023	343	4,231
Change in funds flow from operations	**592**	**9,893**
Net change in non-cash working capital	**2,672**	**(1,765)**
Cash from operating activities – 2024	**3,607**	**12,359**

Funds flow from 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.

We generated funds flow from operations of $3,024,000 in the third quarter of 2024, a $592,000 or 24 percent increase from the $2,432,000 reported in the prior year comparative quarter. On a year-to-date basis, we recognized funds flow from operations of $13,134,000 in 2024 compared to $3,241,000 in the same period of 2023. Relative to the corresponding 2023 periods, current year operating netbacks increased substantially during the three and nine months ended September 30, 2024, reflecting full periods of Cascadura natural gas and NGL production volumes, which were slightly offset by transaction costs incurred in the 2024 periods.





Capital Expenditures

E&E asset expenditures

E&E asset expenditures include asset additions in areas that have been determined to be in the exploration phase, which include the Company's interests in the Charuma, Cipero and Ortoire blocks. E&E asset expenditures during the respective periods are summarized in the following table.

($000's)	Three months ended September 30, 2024	2023	% change	Nine months ended September 30, 2024	2023	% change
Licence financial obligations	**448**	78	100	**547**	224	100
Drilling, completions and well testing	**4**	899	(100)	**73**	8,242	(99)
Equipment and facilities	**-**	2,169	(100)	**-**	7,709	(100)
Capitalized G&A	**-**	149	(100)	**-**	464	(100)
Other	**-**	203	(100)	**-**	404	(100)
E&E asset expenditures	**452**	3,498	(87)	**620**	17,043	(96)

Third quarter and year to date 2024 E&E asset expenditures were $452,000 and $620,000, respectively, which mainly reflect financial obligations associated with our exploration licences.

Our prior year capital program remained solely focused on exploration activities on the Ortoire property, as we invested $3,498,000 and $17,043,000 during the three and nine months ended September 30, 2023, respectively. Third quarter 2023 investments included three production tests on the Royston-1X sidetrack well drilled in the first quarter of 2023, as well as final construction and commissioning costs directed toward the Cascadura natural gas facility that came online in September 2023. The Cascadura investments in E&E were transferred to PP&E upon first production from the field in September 2023.

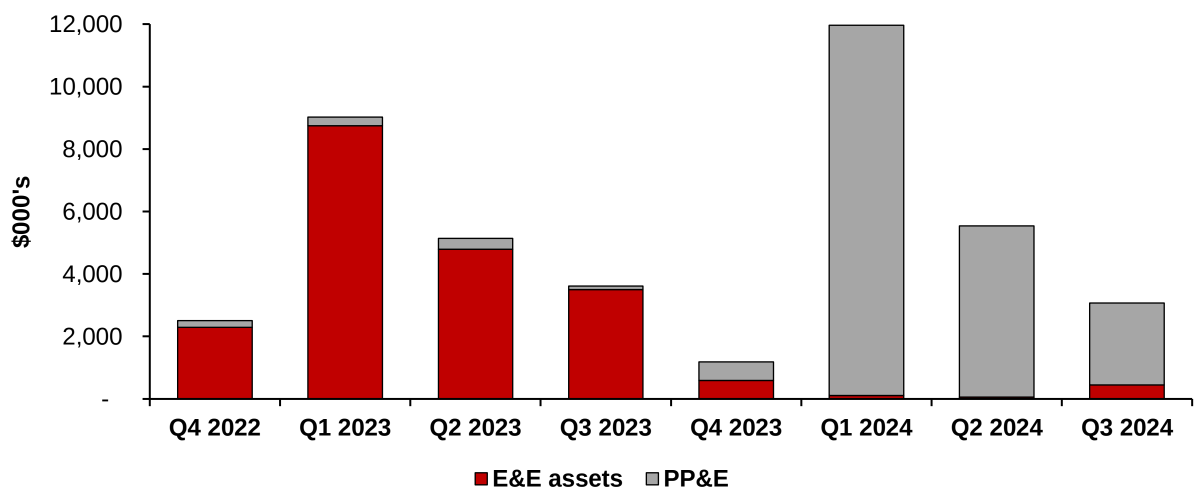
PP&E expenditures

($000's)	**Three months ended September 30, 2024**	2023	% change	**Nine months ended September 30, 2024**	2023	% change
Geological and geophysical	**2**	-	n/a	**2**	-	n/a
Drilling and completions	**1,780**	(2)	n/a	**12,743**	207	100
Equipment and facilities	**583**	-	n/a	**5,574**	-	n/a
Capitalized G&A	**148**	81	83	**302**	259	17
Corporate and other	**103**	32	100	**1,332**	254	100
PP&E expenditures	**2,616**	111	100	**19,953**	720	100

Third quarter and year to date 2024 PP&E expenditures were $2,616,000 and $19,953,000, respectively, as our capital program continued to remain focused predominately on development activities within our Cascadura field. Third quarter investments included the initial completions of our Cascadura-2ST1 and Cascadura-3ST1 development wells, construction of the Cascadura B lease, and continued construction of the flowline from the Cascadura C surface location to the Cascadura natural gas processing facility. On a year-to-date basis, we drilled two Cascadura development wells and two development wells on our CO-1 block.

Third quarter and year to date 2023 expenditures on PP&E were minimal given our prior capital program focused on Ortoire exploration activities. We performed four development well recompletions and invested in corporate information technology infrastructure during the nine months ended September 30, 2023.

Capital Expenditures(1)



Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

Capital Acquisitions and Dispositions

Acquisition

On May 31, 2024, the Company closed an asset swap transaction with a third party. Touchstone swapped its 100 percent working interest in a non-core privately leased San Francique property for the counterparty's 100 percent working interest in a licence with Heritage governing the Balata East block. The acquisition was not considered a business combination under IFRS 3 *Business Combinations*. In connection with the transaction, Touchstone recorded a $1,535,000 gain on acquisition during the nine months ended September 30, 2024, which represented the excess of the $338,000 total identifiable net assets acquired over the $1,197,000 net liabilities of the assets disposed.

Dispositions

In March 2024 we executed a definitive sales and purchase agreement with a third party to dispose our interest in the CO-2 block for aggregate consideration of approximately $1,066,000. On March 31, 2024, the carrying values of our CO-2 block assets and associated liabilities were reclassified to held for sale. A pre-tax impairment expense of $474,000 was recorded on March 31, 2024 as a result of the required impairment test performed prior to the transfer. The disposition closed effective August 1, 2024.

In May 2024, we entered into a sales and purchase agreement to dispose of our non-operated 16.2 percent interest in a previously impaired E&E property with the third-party operator for the counterparty's assumption of approximately $782,000 in aggregate decommissioning and accrued liabilities. The disposition closed in September 2024, with a $782,000 gain on asset disposition recorded during the three and nine months ended September 30, 2024.

Further information regarding asset acquisitions and dispositions is included in Note 5 "Property, Plant and Equipment" of our interim financial statements.

Decommissioning Liabilities and Abandonment Fund

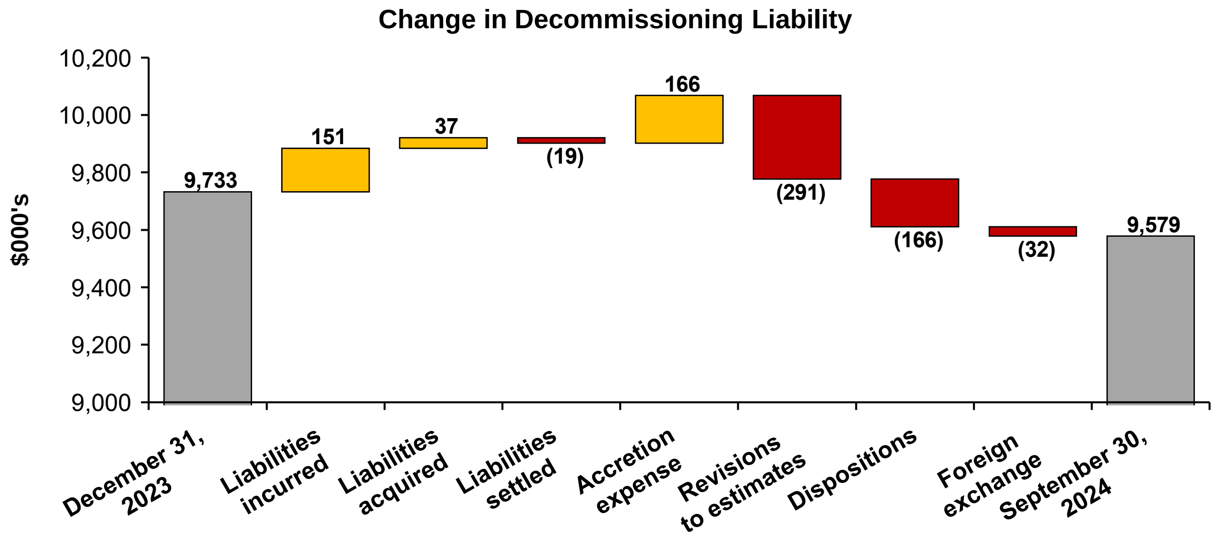
Our decommissioning and reclamation liabilities relate to future site restoration and well abandonment costs including the costs of production equipment removal and land reclamation based on current Trinidad environmental regulations. The estimates are reviewed at least quarterly and adjusted as new information regarding the liability is determined and include assumptions in respect of actual costs to abandon wells and facilities and reclaim a property, the time frame in which such costs will be incurred, historical well production and annual inflation factors.

Pursuant to production and exploration licences with the MEEI and various operating agreements with Heritage, we are obligated to remit $0.25 per boe sold into various escrow accounts. As of September 30, 2024 we reported $2,754,000 of accrued or paid contributions into MEEI and Heritage abandonment funds as long-term abandonment fund assets (December 31, 2023 - $2,081,000).

Touchstone estimated the net present value of the cash flows required to settle decommissioning liabilities to be $9,579,000 at September 30, 2024 compared to $9,733,000 as of December 31, 2023. September 30, 2024 decommissioning liabilities were estimated using a weighted average long-term risk-free rate of 5.4 percent and a long-term inflation rate of 1.9 percent (December 31, 2023 - 5.3 percent and 2.1 percent, respectively). $57,000 and $166,000 of accretion expenses were recognized during the three and nine months ended September 30, 2024, respectively, to reflect the increase in decommissioning liabilities associated with the passage of time (2023 - $65,000 and $188,000).

Decommissioning liability details as at and during the nine months ended September 30, 2024 are summarized in the table and graph below.

Number of well locations (net)	Number of facility locations (net)	Undiscounted balance *($000's)*	Inflation adjusted balance *($000's)*	Discounted balance *($000's)*
579.6	3.6	12,421	14,491	9,579



Environmental stewardship is a core value at Touchstone, and abandonment and reclamation activities are made in a prudent, responsible manner with the oversight of the Board and in accordance with local regulations. Decommissioning liabilities are considered critical accounting estimates. There are significant uncertainties related to future decommissioning expenditures, and the impact on our consolidated financial statements could be material. The eventual timing of and costs for these expenditures could differ from current estimates. Further information regarding decommissioning liabilities is included in Note 9 "*Decommissioning Liabilities and Abandonment Fund*" of our interim financial statements.

Liquidity and Capital Resources

Liquidity

Our policy is to maintain a strong capital base to preserve investor, creditor, and market confidence and to sustain the future development of our business. We consider our capital structure to include shareholders' equity, working capital and bank debt. Touchstone's capital management objective is to fund current period decommissioning and capital expenditures necessary for the replacement of production declines using only funds flow from operations. Exploration and development activities are anticipated to be financed with a combination of funds flow from operations and other sources of capital. We use shareholders' equity and bank debt as our primary sources of capital.

As at September 30, 2024, we had a cash balance of $6,549,000, a working capital deficit of $3,865,000, a principal long-term bank debt balance of $25,728,000 and $4,147,000 in borrowing capacity under our revolving loan (refer to the "*Bank Debt*" section below). As at September 30, 2024, we continued to have a working capital deficit, primarily from our year to date 2024 Cascadura field drilling and infrastructure related capital investments. As a result of these capital investments, we anticipate an increase in production and cash flows from operations in fourth quarter of 2024 as the wells were placed onto production subsequent to September 30, 2024.

The following table summarizes our changes in cash during the three and nine months ended September 30, 2024.

($000's)	**Three months ended September 30, 2024**	**Nine months ended September 30, 2024**
Net cash from (used in):		
Operating activities	3,607	12,359
Investing activities	(4,060)	(17,141)
Financing activities	34	3,124
Decrease in cash	**(419)**	**(1,658)**
Cash, beginning of period	6,990	8,186
Impact of FX on cash balances	(22)	21
Cash, end of period	6,549	6,549

Our principal near term strategy is to increase cash flow generation via the development of our Cascadura field in 2024. We will continue to take a measured approach to future developmental and exploration capital expenditures to manage financial liquidity while proceeding with this plan (refer to the "*Annual 2024 Guidance*" section of this MD&A for further details).

Bank debt

On April 18, 2024, the Company and its Trinidad based lender executed a third amended and restated loan agreement, (the "Amended Bank Loan"), providing for a new $10 million five-year non-revolving term loan facility ("term loan facility 2") and an increase to the existing revolving loan facility borrowing capacity from $7 million to $10 million. In addition, the revolving loan was extended by a two-year period through May 31, 2026 and may be renewed by additional two-year periods by agreement between the parties. The Company withdrew the full amount of the $10 million term loan facility 2 on May 1, 2024.

As at September 30, 2024, the Company had $32,353,000 in aggregate principal bank debt outstanding, with $6,625,000 classified as short term on the consolidated balance sheet (December 31, 2023 - $28,000,000 and $13,000,000, respectively). Details of the facilities pursuant to the Amended Bank Loan are set forth below.

Facility	**Term loan facility 1**	**Term loan facility 2**	**Revolving loan**
Amount	$30,000,000	$10,000,000	$10,000,000
Maturity date	June 15, 2027	April 30, 2029	May 31, 2026 - the parties have the option to extend by additional two-year periods
Interest rate	7.85 percent per annum	7.49 percent through April 2025 - reset annually	7.23 percent through May 2025 - reset annually
Interest payments	Payable quarterly in arrears	Payable monthly in arrears	Payable monthly in arrears
Principal payments	Twenty $1.5 million quarterly payments from September 15, 2022 to June 15, 2027; additional principal may be repaid with no penalty	Sixteen $625,000 quarterly payments from July 31, 2025 to April 30, 2029; additional principal may be repaid with a 1 percent penalty during the initial three years	Principal may be repaid at any time, on or before the maturity date without penalty and any amounts repaid may be redrawn at any time
September 30, 2024 principal balance	$16,500,000	$10,000,000	$5,853,000
September 30, 2024 available credit capacity	$nil	$nil	$4,147,000

The Amended Bank Loan is principally secured by a pledge of equity interests and fixed and floating security interests over all present and after acquired assets of our two Trinidad upstream oil and gas subsidiaries. The Amended Bank Loan contains industry standard representations and warranties, undertakings, events of default, and financial covenants assessed on an annual basis. Pursuant to the Amended Bank Loan, a failure of any covenant constitutes an event of default, upon where the lender can declare the principal balance and any accrued interest immediately due and payable. As of September 30, 2024, the Company was compliant with all covenants provided for in the Amended Bank Loan.

We routinely review all operational and financial covenants based on actual and forecasted results and can amend development and exploration plans to comply with the covenants. We are committed to having an adaptable capital expenditure program that can be adjusted to a tightening of liquidity sources if necessary.

At all times, we must maintain a cash reserves balance of not less than the equivalent of two subsequent quarterly interest payments related to the two term loan facilities. Accordingly, Touchstone classified $983,000 of cash as long-term restricted on the consolidated balance sheet as at September 30, 2024 (December 31, 2023 - $785,000).

Further information regarding the loan arrangement is included in Note 8 "*Bank Debt*" of our interim financial statements, and copies of the loan agreement and amendments may be accessed online on our SEDAR+ profile (www.sedarplus.ca).

Shareholders' equity

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value. From time to time, we may access capital markets to meet our additional financing needs and to maintain flexibility in funding our capital programs. The following table summarizes our outstanding common shares and share-based awards that may be settled in common shares as at the date of this MD&A, September 30, 2024 and December 31, 2023.

	November 12, 2024	**September 30, 2024**	December 31, 2023
Common shares outstanding	**236,460,661**	**236,460,661**	234,212,726
Stock options outstanding	**11,731,000**	**11,731,000**	14,327,935
RSUs outstanding(1)	**1,447,780**	**1,447,780**	-
PSUs outstanding(1)(2)	**1,397,780**	**1,397,780**	-
	251,037,221	**251,037,221**	248,540,661

Notes:
(1) The RSUs and PSUs may be settled in cash or Company common shares upon vesting at the discretion of the Board.
(2) Assuming a performance multiplier of one.

Relative to December 31, 2023, our common shares increased as of September 30, 2024 as a result of 2,247,935 stock options exercised by Company directors, officers and employees.

Further information regarding our share-based compensation plans and expenses is included in the "*Financial and Operational Results - Share-based compensation*" section herein and in Note 14 "*Share-Based Compensation Plans*" of our interim financial statements.

Capital management

When evaluating our capital structure, Management's long-term strategy is to maintain net debt to trailing twelve-month funds flow from operations at or below a ratio of two times in a normalized commodity price environment. This ratio may increase at certain times as a result of increased capital expenditures or low commodity prices. We also monitor our capital management through the net debt to managed capital ratio. Our strategy is to utilize more equity than debt, thereby targeting net debt to managed capital at a ratio of less than 0.4 to 1.

The following table details our internal capital management calculations for the periods specified.

($000's)	**Target measure**	**September 30, 2024**	December 31, 2023
Net debt[(1)]		**29,593**	22,581
Shareholders' equity		**69,688**	59,766
Managed capital[(1)]		**99,281**	82,347
Trailing twelve-months funds flow from operations[(2)]		**23,623**	13,730
Net debt to funds flow from operations ratio[(1)]	At or < 2.0 times	**1.25**	1.64
Net debt to managed capital ratio[(1)]	< 0.4 times	**0.30**	0.27

Notes:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.
(2) Trailing twelve-months funds flow from operations as at September 30, 2024 includes the sum of funds flow from operations for the nine months ended September 30, 2024 and funds flow from operations for the October 1, 2023 through December 31, 2023 interim period.

Refer to the "*Market Risk Management - Liquidity risk*" section herein for further details regarding our approach to managing liquidity.

Contractual Obligations and Commitments

We have contractual obligations in the normal course of business which include minimum work obligations under various operating agreements with Heritage, exploration commitments under various exploration and production licences with the MEEI, and various lease commitments.

The following table outlines our estimated minimum contractual payments as at September 30, 2024.

($000's)		**Estimated payments due by year**			
	Total	**2024**	**2025**	**2026**	**Thereafter**
Operating agreement commitments					
Balata East block	**3,589**	110	116	1,531	1,832
CO-1 block	**4,614**	1,403	1,439	54	1,718
WD-4 block	**4,672**	1,410	1,471	47	1,744
WD-8 block	**4,602**	1,410	1,468	43	1,681
Fyzabad block	**671**	77	79	81	434
Coho area of Ortoire block	**56**	6	6	3	41
Cascadura area of Ortoire block	**101**	12	11	5	73
Exploration block commitments					
Charuma block	**9,838**	118	704	744	8,272
Cipero block	**23,548**	49	327	346	22,826
Ortoire block	**11,840**	179	5,261	5,262	1,138
Office and equipment leases	**541**	49	206	194	92
Minimum payments	**64,072**	**4,823**	**11,088**	**8,310**	**39,851**

Under the terms of our Heritage operating agreements, we are obligated to fulfill minimum work commitments on an annual basis over the specific licence term. As of the date of this MD&A, three development wells are required to be drilled prior to December 31, 2024. We are currently in discussions with to defer drilling the three development wells to 2025.

The Company is a party to lease arrangements for a drilling rig, office facilities, vehicles and equipment. As of September 30, 2024, we recognized $5,923,000 in aggregate lease liabilities, of which $4,430,000 was classified as long-term on the consolidated balance sheet (December 31, 2023 - $4,328,000 and $2,888,000, respectively).

Market Risk Management

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

Management has overall responsibility for the establishment of risk management strategies and objectives. Our risk management policies are designed to identify the risks faced by the Company, to set appropriate risk limits, and to monitor adherence to risk limits. Risk management policies are reviewed and revised regularly to reflect changes in market conditions and our operating activities. Management of cash flow variability is an integral component of our business strategy. Changing business conditions are monitored regularly and, where material, reviewed with the Board to establish risk management guidelines to be used by Management.

Commodity price risk

Our operational results and financial condition are dependent on the commodity prices received for our crude oil, NGL and natural gas production. We are a party to a long-term fixed price natural gas contract for our Ortoire natural gas production. However, movements in crude oil and liquids pricing could affect our cash from operating activities, the value of our development properties, the level of capital expenditures and our ability to meet financial obligations as they come due.

Crude oil prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, ongoing geopolitical factors, inventory levels, weather, and economic factors. Further, our realized crude oil and liquids prices are based on quality differentials and international marketing arrangements and therefore are attributed to factors that are beyond our control. Our long-term fixed price natural gas sales agreement with NGC contains options for price negotiations on each fifth anniversary of our initial October 2022 production date. The price of natural gas in Trinidad is predominately based on domestic supply and demand, with demand largely from domestic power generation and petrochemical facilities. There can be no guarantee that we may be able to negotiate future price increases for natural gas, and a material decline in natural gas sales prices will result in a reduction of the Company's cash from operating activities and financial position.

Touchstone does not currently hedge our commodity price given that a minimum of 50 percent of our forecasted petroleum and natural gas sales is expected to be derived from natural gas production governed by a fixed price contract through October 2027. The Company will continue to monitor forward commodity prices and may enter future commodity-based risk management contracts to reduce the volatility of crude oil and liquids sales and protect future development and exploration capital programs. Additionally, we continually review our capital program and implement initiatives to adapt to such price changes.

Foreign currency risk

Foreign currency exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of our financial assets or liabilities. Touchstone does not hedge its foreign exchange risk. As we primarily operate in Trinidad, fluctuations in the exchange rate between the TT$ and the US$ could have a significant effect on financial results. Although the sales prices of crude oil production are determined by reference to US$ denominated benchmark prices, the majority of the invoices for such sales are paid in TT$, exposing the Company to foreign exchange risk. To mitigate this risk, we attempt to match revenues received in TT$ by entering into contracts denominated and payable in TT$ when possible. We also attempt to limit our exposure to foreign currency risk through collecting and paying foreign currency denominated balances in a timely fashion. In addition, we have further foreign exchange risk regarding our US$ denominated debt and related interest payments. These risks are mitigated by the fact that the TT$ is informally pegged to the US$ and all NGL and natural gas sales are denominated and payable in US$.

Touchstone has further foreign exchange exposure on cash balances denominated in C$ and pounds sterling, head office costs denominated and payable in C$, and costs denominated and payable in pounds sterling required to maintain our AIM listing. Any material movements in the C$ to US$ and the pounds sterling to US$ exchange rates may result in unanticipated fluctuations or have a material effect on our reporting results.

Refer to the "*Financial and Operational Results - Foreign exchange and foreign currency translation*" section of this MD&A for further information.

Interest rate risk

Interest rate risk arises from changes in market interest rates that may affect comprehensive income and cash flows. The Company's term loan facility 2 and revolving loan facility are subject to interest rate risk given the applicable annual interest rates are reset on an annual basis in relation to the one-year term secured overnight financing rate. The current annual interest rates under our term loan facility 2 and revolving facility are 7.49 percent and 7.23 percent, respectively.

Equity price risk

The Company is exposed to equity price risk on its own share price in relation to awards issued under its Omnibus Plan and deferred share unit plan, which affects comprehensive income through the revaluation of awards that are accounted for as cash-settled transactions at each period end. Changes in the Company's share price will result in an increase or decrease in the amount that Touchstone recognizes as share-based compensation expense and the amount Touchstone pays to settle the awards. The Company does not expect to mitigate this risk by entering into equity derivative contracts.

Credit risk

Credit risk arises from the potential that Touchstone may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with the agreed terms. We may be exposed to third-party credit risk through our contractual arrangements with current or future joint operation partners, marketers of our commodities and other parties. Credit risk is considered to be low for the Company's accounts receivable, as Touchstone's credit exposure typically pertains to monthly commodity sales and joint interest billings due from Trinidad government owned petroleum and natural gas entities, and value added taxes ("VAT") due from the Trinidad government.

However, the Company historically has aged accounts receivables owing for VAT. In comparison to December 31, 2023, our past due VAT accounts receivable balance increased by $1,378,000 as of September 30, 2024. $1,504,000 in past due VAT was collected in the nine months ended September 30, 2024, which was offset by increased VAT outstanding from year-to-date 2024 capital and operational expenditures. Although ultimate collection is erratic and therefore the timing thereof cannot be estimated with any certainty, Management believes that the VAT accounts receivable balances are ultimately collectable as we have not experienced any past collection issues. The following table details the composition and aging of our accounts receivable as of September 30, 2024.

Composition	Counterparty	Balance due *($000's)*	Balance due *(%)*	Accounts receivable aging	
				Current *($000's)*	**Over 90 days** *($000's)*
Crude oil and liquids sales	Heritage	**1,481**	**13**	1,481	-
Natural gas sales	NGC	**1,829**	**16**	1,829	-
Joint interest billings	Heritage and NGC	**662**	**6**	662	-
VAT	Trinidad government	**6,678**	**57**	999	5,679
Finance leases	Third-party lessees	**53**	**-**	53	-
Other	Various	**938**	**8**	877	61
Accounts receivable		**11,641**	**100**	**5,901**	**5,740**

Touchstone is currently a party to an arrangement to lease oilfield service rigs to a third-party contractor. We have determined that the credit risk related to the associated receivable balance is negligible, as the assets are secured by the underlying equipment, with ownership transferring to the counterparty upon receipt of the final lease payment. As of September 30, 2024, our finance lease receivable balance was $223,000, of which $170,000 was included in long-term other assets on the consolidated balance sheet (December 31, 2023 - $350,000 and $295,000, respectively).

Further details relating to our financial assets and credit risk can be found in Note 3 "*Financial Assets and Credit Risk*" of our interim financial statements.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our obligations associated with our financial liabilities. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Management believes that future cash flows will be adequate to settle financial obligations as they come due.

Our approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due, under both normal and unusual conditions without incurring unacceptable losses or jeopardizing our business objectives. Stewardship of our capital structure and liquidity risk is managed through our financial and operating forecast process. The forecast of our future cash flows is based on estimates of petroleum and natural gas production, crude oil and liquids forward prices, capital expenditures, royalty expenses, operating expenses, G&A expenses, income tax expenses and other investing and financing activities. The forecast is regularly updated based on changes in commodity prices, capital expenditures, production expectations, income tax and royalty regulations, and other factors that in our view would impact cash flows from operating, investing and financing activities. The following table sets forth estimated undiscounted cash outflows and financial maturities of our financial liabilities as at September 30, 2024.

($000's)	**Recognized in financial statements**	**Undiscounted cash outflows**[(1)]	**Financial maturity by period**		
			Less than 1 year	**1 to 3 years**	**Thereafter**
Accounts payable and accrued liabilities[(2)]	Yes – liability	**14,297**	14,297	-	-
Income taxes payable	Yes – liability	**191**	191	-	-
Lease liabilities[(3)]	Yes – liability	**7,450**	2,353	3,761	1,336
Principal balance of bank debt	Yes – liability	**32,353**	6,625	21,353	4,375
Bank debt interest[(4)]	No – recognized as incurred	**4,551**	2,263	2,015	273
Share-based compensation liabilities[(5)]	Yes – liability	**554**	479	75	-
Financial liabilities		**59,396**	**26,208**	**27,204**	**5,984**

Notes:
(1) The undiscounted cash outflows equal their financial statement carrying values, with the exception of lease liabilities and bank debt principal.
(2) Excludes the $1,493,000 current portion of lease liabilities and the $479,000 current portion of share-based compensation liabilities.
(3) Includes the notional interest and principal payments.
(4) Based on current interest rates, where two of the Company's three loan facility interest rates are reset on an annual basis.
(5) Accrued obligations associated with share-based compensation expected to be settled in cash.

To manage our capital structure, we may reduce our fixed cost structure, adjust capital and exploration spending, issue new equity or seek additional sources of debt financing. We actively monitor our liquidity to ensure that cash flows, potential credit facility capacity and working capital are adequate to support our current and future financial liabilities, as well as the Company's capital programs and future work commitments.

Related Party Transactions

Our Corporate Secretary and former director is a senior partner of our Canadian legal counsel, Norton Rose Fulbright Canada LLP. For the three and nine months ended September 30, 2024, $404,000 and $1,499,000 in legal fees and disbursements charged by Norton Rose Fulbright Canada LLP were incurred, respectively (2023 - $6,000 and $173,000). $407,000 was included in accounts payable and accrued liabilities as at September 30, 2024 (2023 - $23,000).

Our Trinidad-based director is a member of the board of directors of a private Trinidad engineering services company that provides oilfield supplies to Touchstone. For the three and nine months ended September 30, 2024, $3,000 and $52,000 in products were purchased, respectively (2023 - $4,000 and $12,000). As at September 30, 2024, $4,000 was included in accounts payable and accrued liabilities (2023 - $2,000).

Our Chief Executive Officer, Chief Financial Officer and Trinidad-based director are directors of the Touchstone Foundation, a Trinidad based charitable organization established in 2023 that provides support for various local projects, infrastructure, community relief, and educational assistance. For the three and nine months ended September 30, 2024, $30,000 in donations were made to the Touchstone Foundation (2023 - $nil and $nil).

Changes in Accounting Policies Including Initial Adoption

There were no changes in accounting policies during the three and nine months ended September 30, 2024 that had a material effect on the reported comprehensive loss or net assets of the Company.

Standards Issued but Not Yet Effective

There are no standards or interpretations issued, but not yet adopted, that are anticipated to have a material effect on the reported comprehensive income or net assets of the Company.

Off-balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the nine months ended September 30, 2024, other than normal course guarantees entered into in the form of parent guarantees to support work commitments on exploration and production licences. Touchstone does not believe it has any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the Company's financial condition, results of operations, liquidity or capital expenditures, other than the commitments disclosed in the "*Contractual Obligations and Commitments*" section herein.

Significant Accounting Estimates, Judgements and Assumptions

The preparation of financial statements in conformity with IFRS requires Management to make estimates, judgements, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates, and those differences may be material. The estimates, judgements and assumptions used are subject to updates based on experience and the application of new information. Estimates and underlying assumptions are reviewed on an ongoing basis, and any revisions to accounting estimates are recognized in the period in which the estimates are revised.

A full list of the significant estimates and judgements made by Management in the preparation of the interim financial statements and the audited 2023 financial statements is included in Note 4 "*Use of Estimates, Judgements and Assumptions*" of our audited 2023 financial statements. The Company believes it has hired individuals and consultants who have the skills required to make such estimates and ensures that individuals or departments with the most knowledge of the activity are responsible for the estimates. Furthermore, past estimates are reviewed and compared to actual results, and actual results are compared to budgets to make more informed decisions on future estimates.

Business Risks

As a participant in the international oil and natural gas industry, we are exposed to a variety of risks including, but not limited to, political, operational, financial, and environmental risks. As discussed in the "*Liquidity and Capital Resources*" and "*Market Risk Management*" sections of this MD&A, we are exposed to normal financial risks inherent in the international oil and natural gas industry including, among others, commodity price risk, foreign exchange rate risk, interest rate risk, credit risk and liquidity risk.

Please refer to our 2023 Annual Information Form dated March 20, 2024 for a full understanding of risks that affect Touchstone, which can be found on our SEDAR+ profile (www.sedarplus.ca) and website (www.touchstoneexploration.com). Refer to the "*Advisories - Forward-looking Statements*" section in this MD&A for additional information regarding the risks to which Touchstone and our business operations are subject to.

Control Environment

Touchstone is required to comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. There were no changes in the Company's internal control over financial reporting during the period beginning on July 1, 2024 and ended September 30, 2024 that had materially affected, or were reasonably likely to materially affect, internal control over financial reporting.

Summary of Quarterly Results

The following is a summary of our unaudited quarterly results for the eight most recently completed fiscal quarters.

Three months ended	**Sept. 30, 2024**	**June 30, 2024**	**March 31, 2024**	**Dec. 31, 2023**	**Sept. 30, 2023**	**June 30, 2023**	**March 31, 2023**	**Dec. 31, 2022**
Operational								
Average daily production *(boe/d)*	**5,211**	5,432	7,015	8,504	3,391	1,827	2,139	2,229
Net wells drilled	**-**	1.0	2.6	-	-	-	0.8	-
Realized commodity price[(1)] *($/boe)*	**27.65**	28.50	25.98	26.53	37.44	43.19	44.03	48.36
Operating netback[(1)] *($/boe)*	**15.46**	16.44	16.39	17.54	19.27	17.00	18.97	21.05
Financial *($000's except per share amounts)*								
Petroleum and natural gas sales	**13,253**	14,090	16,584	20,759	11,682	7,181	8,476	9,919
Cash from (used in) operating activities	**3,607**	3,383	5,369	8,512	343	2,975	913	(1,189)
Funds flow from operations	**3,024**	3,968	6,142	10,489	2,432	6	803	691
Net earnings (loss)	**1,847**	3,339	3,628	(21,236)	988	(71)	(279)	(1,921)
Per share – basic and diluted	**0.01**	0.01	0.02	(0.09)	0.00	(0.00)	(0.00)	(0.01)
E&E asset expenditures	**452**	60	108	595	3,498	4,795	8,750	2,290
PP&E expenditures	**2,616**	5,483	11,854	591	111	340	269	219
Capital expenditures[(1)]	**3,068**	5,543	11,962	1,186	3,609	5,135	9,019	2,509
Working capital deficit (surplus)[(1)]	**3,865**	2,674	14,121	7,581	13,419	10,913	4,383	(4,992)
Principal long-term bank debt	**25,728**	26,000	13,500	15,000	16,500	18,000	19,500	21,000
Net debt[(1)] – end of period	**29,593**	28,674	27,621	22,581	29,919	28,913	23,883	16,008
Share Information *(000's)*								
Weighted average – basic	**235,189**	234,959	234,213	234,213	233,541	233,144	233,037	217,106
Weighted average – diluted	**236,578**	236,364	236,548	234,213	237,138	233,144	233,037	217,106
Outstanding shares – end of period	**236,461**	236,307	234,213	234,213	234,213	233,428	233,037	233,037

Note:
(1) Non-GAAP financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.

The oil and natural gas industry is cyclical. Our financial position, results of operations and cash flows are principally affected by production levels and commodity prices, particularly crude oil and liquids prices. Commodity price fluctuations can indirectly impact expected production by changing the amount of funds available to reinvest in exploration, development and acquisition activities in the future. Changes in commodity prices impact revenue and cash flow available for exploration and development and the economics of potential capital projects as low commodity prices can potentially reduce the quantities of reserves that are commercially recoverable. Our capital program is dependent on cash generated from operating activities and access to capital markets.

The following significant items impacted our unaudited financial and operating results over the past eight fiscal quarters:

- In the third quarter of 2024, we recorded funds flow from operations of $3 million, reflecting a 24 percent decrease from $4 million recognized in the second quarter of 2024 based on a 4 percent decline in production and 3 percent reduction in realized commodity pricing. Capital spending of $3.1 million was primarily focused on our Cascadura field where we conducted the initial completions on our Cascadura-2ST1 and Cascadura-3ST1 wells, progressed construction of the Cascadura C tie-in project, and the construction of our Cascadura B location. As a result, we exited the quarter with a net debt balance of $29.6 million.
- Second quarter 2024 funds flow from operations was $4 million, representing a 35 percent decrease from the $6.1 million recorded in the preceding quarter based on a 23 percent decline in production, partially offset by a 10 percent increase in realized commodity pricing. Capital expenditures of $5.5 million were primarily directed towards progressing the Cascadura C tie-in project and drilling one CO-1 development well. On April 16, 2024, we entered into an Amended Bank Loan with our existing lender providing for a new $10 million five-year non-revolving term loan facility which was fully drawn on May 1, 2024.
- In the first quarter of 2024, we recorded funds flow from operations of $6.1 million, which decreased by $4.3 million from the previous quarter primarily based on an 18 percent decline in production and a 2 percent decline in realized commodity pricing. We invested $12 million in capital expenditures primarily focused on development drilling in our Cascadura field and advancing construction for the flowline from the Cascadura C surface location to the Cascadura natural gas processing facility. As a result, our corporate net debt levels increased by 22 percent from the preceding quarter.
- We achieved record production levels and funds flow from operations in the fourth quarter of 2023, which reflected a full quarter of Cascadura field production volumes. Combined with minimal capital spending of $1.2 million, we decreased corporate net debt levels by 25 percent from the preceding quarter. An aggregate $28.9 million (net of income tax) of net impairment expenses mainly related to our Chinook and Royston exploration assets led to a quarterly net loss of $21.2 million.
- In the third quarter of 2023, we generated $2.4 million of funds flow from operations, as we brought on initial natural gas production from our Cascadura wells, thereby achieving an 86 percent increase in quarterly average production on a per boe basis from the preceding quarter. Net debt increased by $1 million from the second quarter of 2023, as we invested $3.6 million in quarterly capital investments predominately relating to final construction and commissioning of the Cascadura natural gas facility.
- We recorded negligible funds flow from operations in the second quarter of 2023, as operating netbacks declined by $0.8 million from the prior quarter based on a 13 percent and a 4 percent decline in crude oil production and realized pricing, respectively. Touchstone entered into a $7 million additional revolving facility with its current lender in the quarter which was fully drawn on June 1, 2023. $5.1 million in quarterly capital investments led to a $5 million increase in net debt from the preceding quarter.
- First quarter 2023 funds flow from operations were $0.8 million, relatively consistent with the preceding quarter. In the quarter we drilled the Royston-1X sidetrack well and continued

constructing the Cascadura natural gas facility, incurring an aggregate $9 million in capital expenditures. These investments decreased our cash and working capital balances, as we exited the quarter with $23.9 million in net debt, a $7.9 million increase from the previous quarter.

- In the fourth quarter of 2022, we generated $0.7 million of funds flow from operations, as we brought on initial natural gas production from our Coho-1 well. In addition, we completed two private placements raising net proceeds of $12.3 million, exiting the quarter with net debt of $16 million.

Advisories

Non-GAAP Financial Measures

This MD&A or documents referred to in this MD&A 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 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. Below is a description of the non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures disclosed in this MD&A.

Operating netback

Touchstone 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. The most directly comparable financial measure to operating netback disclosed in the Company's consolidated financial statements is petroleum and natural gas revenue net of royalties. Operating netback per boe is a non-GAAP ratio calculated by dividing the operating netback by total production volumes for the period. Presenting operating netback on a per boe basis allows Management to better analyze performance against prior periods on a comparable basis.

The following table presents the computation of operating netback for the periods indicated.

($000's unless otherwise stated)	**Three months ended September 30,**		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
Petroleum and natural gas sales	**13,253**	11,682	**43,927**	27,339
Less: royalties	**(3,409)**	(3,193)	**(10,671)**	(7,849)
Petroleum and natural gas revenue, net of royalties	**9,844**	8,489	**33,256**	19,490
Less: operating expenses	**(2,436)**	(2,478)	**(7,258)**	(7,001)
Operating netback	**7,408**	6,011	**25,998**	12,489
Total production *(boe)*	**479,319**	311,990	**1,611,979**	670,743
Operating netback *($/boe)*	**15.46**	19.27	**16.13**	18.62

Cash and non-cash net finance expenses

Cash and non-cash net finance expenses are non-GAAP financial measures. Cash finance expenses are calculated as net finance expenses as determined in accordance with IFRS, less accretion on bank debt, accretion on decommissioning obligations, and other liability revaluation loss (gain), all of which are non-cash in nature. The Company discloses net finance expenses as cash or non-cash to demonstrate the true cost of finance expenses to assist Management with evaluating results on a historical basis.

Capital expenditures

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 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 capital expenditures and reconciles capital expenditures to cash used in investing activities for the periods indicated.

($000's)	**Three months ended September 30,**		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
E&E asset expenditures	**452**	3,498	**620**	17,043
PP&E expenditures	**2,616**	111	**19,953**	720
Capital expenditures	**3,068**	3,609	**20,573**	17,763
Abandonment fund expenditures	**218**	131	**745**	253
Proceeds from asset dispositions	**(1,066)**	-	**(1,066)**	(250)
Net change in non-cash working capital	**1,840**	1,090	**(3,111)**	978
Cash used in investing activities	**4,060**	4,830	**17,141**	18,744

Working capital, net debt and managed capital

Touchstone closely monitors its capital structure with the goal of maintaining a strong financial position to fund current operations and future growth. The above measures are capital management measures used by Management to steward the Company's overall debt position and assess overall financial strength.

Management monitors working capital, net debt and managed capital as part of the Company's capital structure to evaluate its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated by subtracting current liabilities from current assets as they appear on the applicable consolidated balance sheet. Net debt is calculated by summing the Company's working capital and the principal (undiscounted) long-term amount of senior secured debt and is most directly comparable to total liabilities disclosed in the Company's consolidated balance sheets. Management defines managed capital as the sum of net debt and shareholders' equity.

The following table presents working capital, net debt and managed capital computations for the periods indicated.

($000's)	**September 30, 2024**	December 31, 2023	September 30, 2023
Current assets	**(19,220)**	(22,570)	(17,370)
Current liabilities	**23,085**	30,151	30,789
Working capital deficit	**3,865**	7,581	13,419
Principal balance of long-term bank debt	**25,728**	15,000	16,500
Net debt	**29,593**	22,581	29,919
Shareholder's equity	**69,688**	59,766	80,216
Managed capital	**99,281**	82,347	110,135

The following table reconciles total liabilities to net debt for the periods indicated.

($000's)	**September 30, 2024**	December 31, 2023	September 30, 2023
Total liabilities	**81,840**	79,182	73,832
Lease liabilities	**(4,430)**	(2,888)	(1,662)
Other liabilities	**(75)**	-	-
Decommissioning liabilities	**(9,579)**	(9,733)	(11,594)
Deferred income tax liability	**(19,178)**	(21,433)	(13,318)
Variance of carrying value and principal value of bank debt	**235**	23	31
Current assets	**(19,220)**	(22,570)	(17,370)
Net debt	**29,593**	22,581	29,919

Net debt to funds flow from operations ratio

The Company monitors its capital structure using a net debt to funds flow from operations ratio, which is a non-GAAP ratio and a capital management measure calculated as the ratio of the Company's net debt to trailing annual funds flow from operations. The net debt to funds flow from operations ratio is the desired target Touchstone strives to achieve and maintain. This ratio may increase at certain times as a result of increased capital expenditures or low commodity prices.

Net debt to managed capital ratio

The Company further monitors its capital structure using a net debt to managed capital ratio, which is a non-GAAP ratio and capital management measure calculated as the ratio of the Company's net debt to managed capital. The Company's net debt to managed capital ratio is the desired target that the Company strives to maintain, as Management's strategy is to utilize more equity than debt.

Supplementary Financial Measures

The following supplementary financial measures are referenced herein.

Realized commodity price per boe - is comprised of petroleum and natural gas sales as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

Realized crude oil sales per boe - is comprised of crude oil product sales as determined in accordance with IFRS, divided by the Company's total crude oil production volumes for the period. Crude oil sales is a component of petroleum and natural gas sales.

Realized NGL sales per boe - is comprised of NGL product sales as determined in accordance with IFRS, divided by the Company's total NGL production volumes for the period. NGL sales is a component of petroleum and natural gas sales.

Realized crude oil and liquids sales per boe - is comprised of the sum of crude oil and NGL product sales as determined in accordance with IFRS, divided by the sum of the Company's total crude oil and NGL production volumes for the period. Crude oil and NGL sales are components of petroleum and natural gas sales.

Realized natural gas sales per boe - is comprised of natural gas product sales as determined in accordance with IFRS, divided by the Company's total natural gas production volumes for the period. Natural gas sales is a component of petroleum and natural gas sales.

Royalties per boe - is comprised of royalties as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

Royalties as a percentage of petroleum and natural gas sales - is comprised of royalties as determined in accordance with IFRS, divided by petroleum and natural gas sales as determined in accordance with IFRS.

Operating expenses per boe - is comprised of operating expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

G&A expenses per boe - is comprised of G&A expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

Net finance expenses per boe - is comprised of net finance expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

Depletion expense per boe - is comprised of depletion expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period. Depletion expense is a component of depletion and depreciation expense as disclosed in the Company's financial statements.

Current income tax expense per boe - is comprised of current income tax expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

Forward-looking Statements

Certain information provided in this MD&A, including documents incorporated by references herein, may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities laws. All statements and information, other than statements of historical fact, made by Touchstone that address activities, events, or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements.

Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expect", "plan", "anticipate", "believe", "intend", "maintain", "continue to", "pursue", "design", "result in", "sustain" "estimate", "potential", "growth", "near-term", "long-term", "forecast", "contingent" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. Readers are cautioned that the assumptions used in the preparation of such forward-looking statements, although considered reasonable at the time of preparation, may prove to be imprecise, and as such, undue reliance should not be placed on forward-looking statements.

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

- business plans, operational strategies, priorities, outlook and development plans, including the Company's updated annual 2024 guidance;
- financial condition and outlook and results of operations, including future liquidity and financial capacity and expectations of future growth, including expectations of future production levels and cash flows to be derived therefrom;
- future demand for the Company's petroleum and natural gas products and economic activity in general;
- general economic and political developments in Trinidad and globally;
- the performance characteristics of the Company's petroleum and natural gas properties, including current and future crude oil and liquids and natural gas production levels, estimated field production levels and estimated future production decline rates;

- expectations regarding the ability of the Company to raise capital and to continually add to reserves through exploration, acquisitions and development;
- future capital expenditure programs, including the anticipated timing of completion, allocation and costs thereof and the method of funding;
- future development and exploration activities to be undertaken in various areas and timing thereof, including the fulfillment of minimum work obligations and exploration commitments;
- terms and estimated future expenditures of the Company's contractual commitments and their timing of settlement;
- terms and title of exploration and production licences and the expected formal extension or execution of certain contracts;
- expectations regarding the Company's ability to fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its properties;
- receipt of anticipated and future regulatory approvals;
- access to third-party facilities and infrastructure;
- expected levels of royalties, operating expenses, G&A expenses, net finance expenses, current income tax expenses and other costs associated with the Company's business;
- treatment under current and future governmental regulatory regimes, environmental legislation, royalty regimes and tax laws enacted in the Company's areas of operations;
- current risk management strategies and the benefits to be derived therefrom, including the potential future use of commodity derivatives to manage commodity price risk;
- the foreign currency risk strategies of the Company, the benefits to be derived therefrom and the Company's ability to reverse unrealized foreign exchange gains and losses in the future;
- the Company's ability to reverse previously recognized non-financial asset impairment expenses in the future;
- credit risk assumptions and the Company's expectation to receive past due VAT amounts from the Trinidad government;
- future liquidity and future sources of liquidity and the Company's expectation to settle all current and future financial liabilities in a timely manner;
- future compliance with the Company's bank debt covenants and its ability to make future scheduled interest and principal payments;
- the potential of future acquisitions or dispositions and receiving required regulatory approvals to close;
- estimated amounts, timing and the anticipated sources of funding for the Company's decommissioning liabilities;
- effect of business and environmental risks on the Company; and
- the statements under "*Significant Accounting Estimates, Judgements and Assumptions*".

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 that may be 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.

This MD&A includes a summary of the Company's updated 2024 capital budget and guidance, which includes, but is not limited to, forward looking statements relating to: the focus of Touchstone's remaining 2024 capital plan, including anticipated remaining developmental drilling activities including locations, the timing thereof and related production and cash flows therefrom; anticipated 2024 annual average and exit production and production by commodity; forecasted production decline rates; anticipated 2024 capital expenditures including estimations of costs and inflation incorporated therein; anticipated timing of well tie-in operations, well completion activities and production coming online; forecasted 2024 average Brent reference price and the Company's budgeted realized price in relation thereto; forecasted royalty, operating, general and administration, cash finance, income tax expenses and transaction costs; anticipated funds flow from operations and net debt; and Touchstone's future financial position, including the sufficiency of resources to fund future capital expenditures and maintain financial liquidity.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Touchstone's prospective results of operations and production included in its updated 2024 guidance, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the paragraphs above. The FOFI contained in this MD&A was approved by Management as of the date hereof and was provided for the purpose of providing further information about Touchstone's future business operations. This information has been provided for illustration only and, with respect to future periods, is based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Touchstone and its Management believe that FOFI has been prepared on a reasonable basis, reflecting Management's best estimates and judgments, and represents, to the best of Management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. Touchstone disclaims any intention or obligation to update or revise any FOFI contained herein, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained herein should not be used for purposes other than for which it is disclosed herein, and the financial outlook information contained herein is not conclusive and is subject to change. Variations in forecasted crude oil and liquids prices, differences in the amount and timing of capital expenditures, and variances in average production estimates and decline rates can have a significant impact on the key performance measures included in the guidance disclosed herein. Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of the forecasted costs, expenditures, prices and operating results are not objectively determinable. The actual results of the Company's operations and the resulting financial results will vary from the amounts set forth in this MD&A and such variations may be material.

The Company's actual decisions, activities, results, performance, or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Touchstone will derive from them. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies, many of which are beyond the Company's control.

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, extreme weather-related events, and commodity and marketing risk. The Company is subject to significant drilling risks and uncertainties including the ability to find petroleum 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 operation risks. The Company is subject to industry conditions including changes in laws and regulations, 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 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 global economic conditions, the impact of significant volatility in market prices for crude oil and liquids, the impact (and duration thereof) of ongoing geopolitical events and their effect on market prices for crude oil and liquids, the ability to access sufficient capital from internal and external sources, changes in income tax laws, royalties and incentive programs relating to the Trinidad oil and natural gas industry, fluctuations in interest rates, and fluctuations in foreign exchange rates. 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, exploration, lease operating or joint operating rights related to the Company's interests in Trinidad. Readers are cautioned that the foregoing list of risk factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed online on our SEDAR+ profile (www.sedarplus.ca).

Management has included the above summary of assumptions and risks related to forward-looking statements and other information provided in this MD&A in order to provide shareholders and investors with a more complete perspective on the Company's current and future operations, and such information may not be appropriate for other purposes. Actual results, performance or achievement could differ materially from that expressed in or implied by any forward-looking statements in this MD&A, and accordingly, investors should not place undue reliance on any such forward-looking statements.

Any forward-looking statement is made only as of the date of this MD&A, and Touchstone undertakes no obligation or intent to update or revise any forward-looking statement or statements to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including applicable securities laws. New factors emerge from time to time, and it is not possible for Touchstone to predict all of such factors or to assess in advance the impact of each such factor on Touchstone's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

All forward-looking statements and FOFI contained in this MD&A are expressly qualified by this cautionary statement.

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

Oil and Natural Gas Measures

To provide a single unit of production for analytical purposes, natural gas production has been converted mathematically to barrels of oil equivalent. We use the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 boe ratio is based on an energy equivalent conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

Product Type Disclosures

This MD&A includes references to crude oil, NGLs, crude oil and liquids, natural gas, total production and average daily production volumes. Under NI 51-101, disclosure of production volumes should include segmentation by product type as defined in the instrument. In this MD&A, references to "crude oil" refer to "light crude oil and medium crude oil" and "heavy crude oil" combined product types; references to "NGLs" refer to condensate; and references to "natural gas" refer to the "conventional natural gas" product type, all as defined in the instrument. In addition, references to "crude oil and liquids" herein include crude oil and NGLs.

The Company's total and average production for the past eight quarters and references to "crude oil", "NGLs", "crude oil and liquids" and "natural gas" reported in this MD&A consist of the following product types as defined in NI 51-101 using a conversion of 6 Mcf to 1 boe where applicable.

Three months ended	**Sept. 30, 2024**	**June 30, 2024**	**March 31, 2024**	**Dec. 31, 2023**	**Sept. 30, 2023**	**June 30, 2023**	**March 31, 2023**	**Dec. 31, 2022**
Production								
Light and medium crude oil *(bbls)*	**109,315**	100,136	100,599	98,314	103,048	96,050	108,722	111,114
Heavy crude oil *(bbls)*	**4,638**	5,254	5,535	5,966	5,831	6,270	6,918	6,126
Crude oil *(bbls)*	**113,953**	105,390	106,134	104,280	108,879	102,320	115,640	117,240
NGLs *(bbls)*	**4,557**	9,207	23,811	57,183	16,180	-	-	-
Crude oil and liquids *(bbls)*	**118,510**	114,597	129,945	161,463	125,059	102,320	115,640	117,240
Conventional natural gas *(Mcf)*	**2,164,853**	2,278,297	3,050,412	3,725,201	1,121,585	383,572	461,189	527,105
Total production *(boe)*	**479,319**	494,313	638,347	782,330	311,990	166,249	192,505	205,091
Average daily production								
Light and medium crude oil *(bbls/d)*	**1,189**	1,100	1,105	1,068	1,120	1,055	1,208	1,207
Heavy crude oil *(bbls/d)*	**50**	58	61	65	63	69	77	67
Crude oil *(bbls/d)*	**1,239**	1,158	1,166	1,133	1,183	1,124	1,285	1,274
NGLs *(bbls/d)*	**50**	101	262	622	176	-	-	-
Crude oil and liquids *(bbls/d)*	**1,289**	1,259	1,428	1,755	1,359	1,124	1,285	1,274
Conventional natural gas *(Mcf/d)*	**23,531**	25,036	33,521	40,491	12,191	4,215	5,124	5,729
Average daily production *(boe/d)*	**5,211**	5,432	7,015	8,504	3,391	1,827	2,139	2,229

The Company's total and average production for the nine months ended September 30, 2024 and 2023 and references to "crude oil", "NGLs", "crude oil and liquids" and "natural gas" reported in this MD&A consist of the following product types as defined in NI 51-101 using a conversion of 6 Mcf to 1 boe where applicable.

	Nine months ended September 30,	
	2024	2023
Production		
Light and medium crude oil *(bbls)*	**310,050**	307,820
Heavy crude oil *(bbls)*	**15,427**	19,019
Crude oil *(bbls)*	**325,477**	326,839
NGLs *(bbls)*	**37,575**	16,180
Crude oil and liquids *(bbls)*	**363,052**	343,019
Conventional natural gas *(Mcf)*	**7,493,563**	1,966,347
Total production *(boe)*	**1,611,979**	670,743
Average daily production		
Light and medium crude oil *(bbls/d)*	**1,132**	1,127
Heavy crude oil *(bbls/d)*	**56**	70
Crude oil *(bbls/d)*	**1,188**	1,197
NGLs *(bbls/d)*	**137**	59
Crude oil and liquids *(bbls/d)*	**1,325**	1,256
Conventional natural gas *(Mcf/d)*	**27,349**	7,203
Average daily production *(boe/d)*	**5,883**	2,457

References to Touchstone

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

Abbreviations

The following is a list of abbreviations that may be used in this MD&A:

Oil and natural gas measurement		**Other**	
bbl(s)	barrel(s)	AIM	AIM market of the London Stock Exchange plc
bbls/d	barrels per day	Brent	Dated Brent
Mbbls	thousand barrels	C$	Canadian dollar
Mcf	thousand cubic feet	NGL(s)	Natural gas liquid(s)
Mcf/d	thousand cubic feet per day	TSX	Toronto Stock Exchange
MMcf	million cubic feet	TT$	Trinidad and Tobago dollar
MMcf/d	million cubic feet per day	WTI	Western Texas Intermediate
MMBtu	million British Thermal Units	$ or US$	United States dollar
boe	barrels of oil equivalent	£	Pounds sterling
boe/d	barrels of oil equivalent per day	Q3	Third quarter, representing the three months ended September 30
Mboe	thousand barrels of oil equivalent		

Additional Information

Additional information related to Touchstone and factors that could affect our operations and financial results are included with reports on file with the Canadian securities regulatory authorities, including the interim financial statements, the audited 2023 financial statements and the related management's discussion and analysis as well as our December 31, 2023 Annual Information Form dated March 20, 2024, all of which can be accessed online on our SEDAR+ profile (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

Corporate Information

Directors
John D. Wright
Chair of the Board

Jenny Alfandary
Paul R. Baay
Priya Marajh
Kenneth R. McKinnon
Peter Nicol
Beverley Smith
Stanley T. Smith
Harrie Vredenburg

Corporate Secretary
Thomas E. Valentine

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

Scott Budau
Chief Financial Officer

Brian Hollingshead
Executive Vice President Engineering and Business Development

James Shipka
Executive Vice President Asset Development and HSE

Alex Sanchez
Vice President Production and Environment

Cayle Sorge
Vice President Finance

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T2P 3N9

Registered Office
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T2P 4H2

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San Fernando, Trinidad, W.I.

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

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

Banker
Republic Bank Limited
Port of Spain, Trinidad, W.I.

Auditor
KPMG LLP
Calgary, Alberta, Canada

Reserves Evaluator
GLJ Ltd.
Calgary, Alberta, Canada

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

Transfer Agent and Registrar
Odyssey Trust Company
Calgary, Alberta, Canada

Link Group
London, United Kingdom

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

UK Joint Broker
Canaccord Genuity
London, United Kingdom

UK Public Relations
FTI Consulting
London, United Kingdom