Touchstone Exploration Inc.

Management's Discussion and Analysis

For the three months ended March 31, 2025 and 2024

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 months ended March 31, 2025 with comparisons to the three months ended March 31, 2024 is dated May 13, 2025 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2025 (the "interim financial statements"), as well as with the Company's audited consolidated financial statements as at and for the year ended December 31, 2024 (the "audited 2024 financial statements"), each of which are available online 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 ("Board"). Accounting policies adopted by the Company are set out in the notes to the audited 2024 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, 2024, as disclosure which is unchanged from December 31, 2024 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 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 of this MD&A 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 one of the largest independent onshore oil and natural gas producers 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		
	March 31, 2025	December 31, 2024	March 31, 2024
Operational			
Average daily production			
Crude oil[1] *(bbls/d)*	**1,162**	1,310	1,166
NGLs[1] *(bbls/d)*	**39**	121	262
Crude oil and liquids[1] *(bbls/d)*	**1,201**	1,431	1,428
Natural gas[1] *(Mcf/d)*	**18,698**	23,136	33,521
Average daily production *(boe/d)*[2]	**4,317**	5,287	7,015
Production mix *(% of production)*			
Crude oil and liquids[1]	**28**	27	20
Natural gas[1]	**72**	73	80
Average realized prices[3]			
Crude oil[1] *($/bbl)*	**63.86**	62.50	69.95
NGLs[1] *($/bbl)*	**64.05**	62.05	69.59
Crude oil and liquids[1] *($/bbl)*	**63.87**	62.47	69.88
Natural gas[1] *($/Mcf)*	**2.50**	2.50	2.46
Realized commodity price *($/boe)*[2]	**28.60**	27.85	25.98
Operating netback *($/boe)*[2]			
Realized commodity price[3]	**28.60**	27.85	25.98
Royalty expense[3]	**(7.25)**	(6.59)	(5.76)
Operating expense[3]	**(5.52)**	(7.09)	(3.83)
Operating netback[3]	**15.83**	14.17	16.39
Financial *($000's except per share amounts)*			
Petroleum and natural gas sales	**11,113**	13,543	16,584
Cash from operating activities	**5,611**	822	5,369
Funds flow from operations	**2,580**	3,614	6,142
Net earnings (loss)	**41**	(542)	3,628
Per share – basic and diluted	**0.00**	(0.00)	0.02
Exploration and evaluation asset expenditures	**423**	426	108
Property, plant and equipment expenditures	**6,250**	2,680	11,854
Capital expenditures[3]	**6,673**	3,106	11,962
Working capital deficit[3]	**7,705**	1,359	14,121
Principal long-term bank debt	**25,625**	27,750	13,500
Net debt[3] – end of period	**33,330**	29,109	27,621
Share Information *(000's)*			
Weighted average shares outstanding			
Basic	**236,461**	236,461	234,213
Diluted	**236,461**	236,461	236,548
Outstanding shares – end of period	**236,461**	236,461	234,213

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

Highlights of Touchstone's financial and operating results for the three months ended March 31, 2025 include:

- **Production:** Average quarterly production decreased to 4,317 boe/d (72 percent natural gas), compared to 5,287 boe/d (73 percent natural gas) in the fourth quarter of 2024 and 7,015 boe/d (80 percent natural gas) in the first quarter of 2024. The decrease was primarily driven by natural declines in natural gas and liquids production from the Cascadura-1ST1 and Cascadura Deep-1 wells, partially offset by incremental volumes from the Cascadura-2ST1 and Cascadura-3ST1 wells which began production in November 2024.
- **Revenue:** Petroleum and natural gas sales totaled $11.11 million, an 18 percent reduction from the $13.54 million recorded in the previous quarter.
  - Crude oil sales: $6.68 million from average production of 1,162 bbls/d at a realized price of $63.86 per barrel.
  - NGL sales: $0.22 million from average production of 39 bbls/d at a realized price of $64.05 per barrel.
  - Natural gas sales: $4.21 million from average production of 18.7 MMcf/d (3,116 boe/d) at a realized price of $2.50 per Mcf.
- **Operating Netback:** Generated $6.15 million in operating netback, an 11 percent decrease from the fourth quarter of 2024, primarily due to decreased petroleum and natural gas sales and related royalties, partially offset by a 38 percent reduction in operating costs, supported in part by revisions to historical crude oil field head licence expenses.
- **Funds Flow from Operations:** Decreased to $2.58 million from $3.61 million in the previous quarter, as lower operating netbacks and higher cash finance and general and administrative expenses were partially offset by reduced transaction and current income tax expenses.
- **Net Earnings:** Recorded net earnings of $41,000 ($0.00 per basic and diluted share), compared to a net loss of $542,000 ($0.00 per basic share) in the fourth quarter of 2024 which was primarily driven by both $2.31 million in pre-tax Ortoire exploration asset impairment expenses and higher depletion expenses recorded in the prior quarter following Cascadura reserves reductions.
- **Capital Investments:** Invested $6.67 million during the quarter, primarily for the Cascadura-4 development well. Drilling operations were suspended in February for rig repairs, briefly resumed in March, and halted again due to wellbore instability. Activities are expected to resume upon the arrival of specialized equipment.
- **Financial Position:** Ended the quarter with net debt of $33.33 million, resulting in a net debt to funds flow from operations ratio of 2.53 times.

Proposed Acquisition and Financing

On December 12, 2024, the Company's wholly owned Trinidadian subsidiary, Touchstone Exploration (Trinidad) Ltd. ("TETL") entered into a Share Purchase Agreement to acquire 100 percent of the share capital of a Trinidad-based company from a third party (the "Proposed Acquisition"). The target entity holds a 65 percent participating interest in the onshore Central block exploration and production licence in Trinidad, along with four producing natural gas wells and a gas processing facility. The remaining 35 percent participating interest is held by State owned Heritage Petroleum Company Limited ("Heritage").

Upon completion of the transaction, Touchstone will pay $23 million in cash, in addition to the acquired entity's December 31, 2024 cash and abandonment fund balances, subject to customary purchase price adjustments. The total estimated consideration is approximately $28.5 million, subject to final closing adjustments. Completion of the Proposed Acquisition remains subject to the satisfaction or waiver of certain remaining conditions precedent.

On May 12, 2025, TETL entered into a Fourth Amended and Restated Loan Agreement (the "Amended Loan Agreement") with its existing lender, which includes the following key terms:

- a new $30 million six-year non-revolving term loan facility, with no principal payments due during the first eleven months, followed by twenty-one equal quarterly repayments;
- a waiver of the debt service coverage financial covenant for the 2025 financial year; and
- a two-year extension of the maturity date of the existing revolving loan facility, with optional two-year renewal periods subject to mutual agreement.

Touchstone intends to fully draw the $30 million new term loan facility to finance the Proposed Acquisition and to satisfy obligations under the amended lending arrangements.

Private Placement

On May 8, 2025, the Company entered into an agreement to complete a private placement targeting investors in the United Kingdom. Gross proceeds of approximately $20.5 million are expected to be raised through the issuance of 75,000,000 new common shares at a price of 20.5 pence sterling per share (approximately C$0.38 per share). The private placement is expected to close on May 15, 2025.

The Company intends to use the net proceeds from the private placement to finance development activities at the Cascadura and the Central block fields.

For further information regarding the private placement, the Proposed Acquisition and the related debt financing included the related advisories thereto (all of which are incorporated by reference herein), refer to the Company's news release dated May 8, 2025 entitled "*Touchstone Exploration Announces Private Placement and an Acquisition Financing Update*" and the Company's news release dated May 13, 2025 entitled "*Touchstone Exploration Announces Amended Loan Agreement to Support Pending Acquisition*" which are both available online on our profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

2025 Outlook and Guidance

We remain focused on financial discipline and maximizing value from our development and exploration assets. Our near-term strategy is to close the Proposed Acquisition and increase cash flows through the development of the Cascadura field, leveraging the processing capacity established in 2024.

On December 9, 2024, we issued a news release announcing the approval of our preliminary financial and operating guidance for 2025. Given the material nature of the Proposed Acquisition, the Company intends to provide updated 2025 guidance following its expected closing.

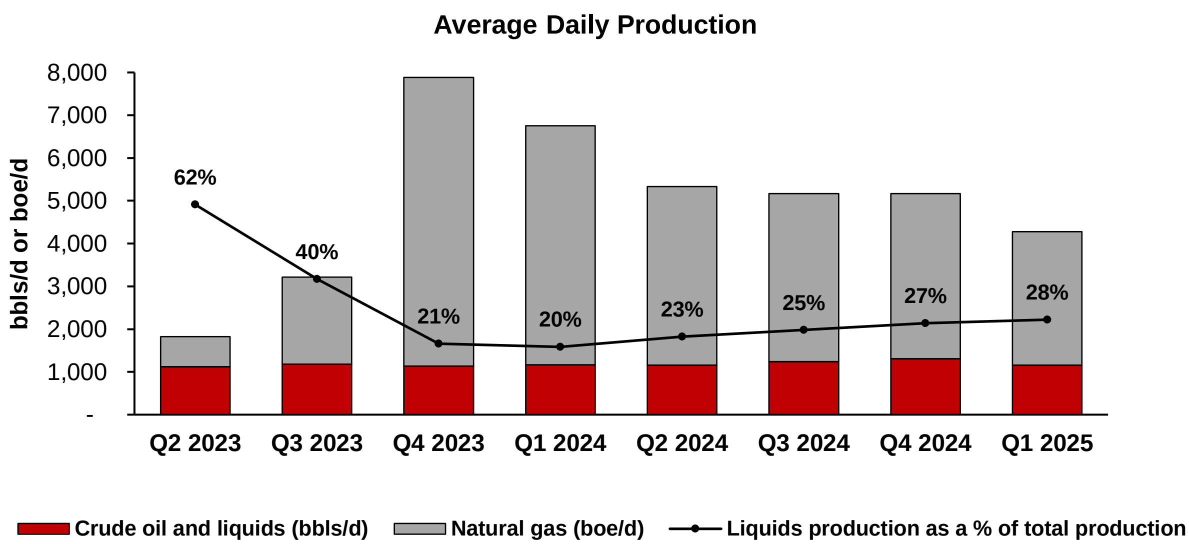
For further information regarding Touchstone's preliminary 2025 guidance and the related advisories thereto (which are incorporated by reference herein), refer to the Company's news release dated December 9, 2024 entitled "*Touchstone Exploration Announces Preliminary 2025 Guidance*" which is available online on our profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

Financial and Operational Results

Production volumes

	Three months ended March 31, 2025	2024	% change
Production			
Crude oil *(bbls)*	**104,587**	106,134	(1)
NGLs *(bbls)*	**3,466**	23,811	(85)
Crude oil and liquids *(bbls)*	**108,053**	129,945	(17)
Natural gas *(Mcf)*	**1,682,797**	3,050,412	(45)
Total production *(boe)*	**388,519**	638,347	(39)
Average daily production			
Crude oil *(bbls/d)*	**1,162**	1,166	-
NGLs *(bbls/d)*	**39**	262	(85)
Crude oil and liquids *(bbls/d)*	**1,201**	1,428	(16)
Natural gas *(Mcf/d)*	**18,698**	33,521	(44)
Average daily production *(boe/d)*	**4,317**	7,015	(38)
Production mix			
Crude oil and liquids *(%)*	**28**	20	
Natural gas *(%)*	**72**	80	

Total and daily average production volumes in Q1 2025 declined by 39 percent and 38 percent, respectively, compared to the same period in 2024. The decrease was primarily driven by natural declines in natural gas and liquids production from the Cascadura-1ST1 and Cascadura Deep-1 wells, which commenced production in September 2023. These declines were partially offset by new volumes from the Cascadura-2ST1 and Cascadura-3ST1 wells, both of which began production in November 2024.



Crude oil and liquids production

Crude oil production for the first quarter of 2025 averaged 1,162 bbls/d, consistent with the same period in the prior year. Increased output from the CO-1 property - driven by the addition of the CO-374 and CO-375 wells, which began production in May 2024 - offset natural declines from the WD-4 and WD-8 properties. Production from the Balata East field, acquired in June 2024, was in line with volumes attributed to assets divested in 2024. Additional production from the Cascadura-3ST1 well, which came online in November 2024, contributed a field estimated 34 bbls/d during the first quarter of 2025.

NGL production averaged 39 bbls/d in Q1 2025, a significant decrease from 262 bbls/d in the prior year equivalent quarter. The decrease was primarily due to natural declines in gas and associated liquids from the Cascadura-1ST1 and Cascadura Deep-1 wells. This reduction was partially offset by contributions from the Cascadura-2ST1 well, which commenced production in November 2024 and added an estimated 29 bbls/d of NGLs during Q1 2025.

The following table summarizes crude oil and liquids production by property during the three months ended March 31, 2025 and 2024.

Property *(bbls)*	**Three months ended March 31,**		%
	2025	2024	change
CO-1	**36,366**	28,893	26
WD-4	**36,335**	41,583	(13)
WD-8	**13,729**	21,839	(37)
Balata East	**7,810**	-	n/a
Cascadura	**6,547**	23,853	(73)
Other minor fields	**7,266**	13,777	(47)
Crude oil and liquids production	**108,053**	129,945	(17)

Natural gas production

Natural gas production averaged 18.7 MMcf/d (3,116 boe/d) in Q1 2025, representing a 44 percent decrease from 33.5 MMcf/d (5,587 boe/d) in Q1 2024. The variance primarily reflected natural declines from the Cascadura-1ST1, Cascadura Deep-1 and Coho-1 wells. This was partially offset by incremental production volumes from the Cascadura-2ST1 well, which contributed approximately 5.8 MMcf/d (975 boe/d) in Q1 2025. The following table discloses natural gas production by well during the three months ended March 31, 2025 and 2024.

Well *(Mcf)*	**Three months ended March 31,**		%
	2025	2024	change
Cascadura-1ST1	**548,962**	2,209,819	(75)
Cascadura Deep-1	**451,361**	589,322	(23)
Cascadura-2ST1	**526,450**	-	n/a
Coho-1	**156,024**	251,271	(38)
Natural gas production	**1,682,797**	3,050,412	(45)

Commodity prices

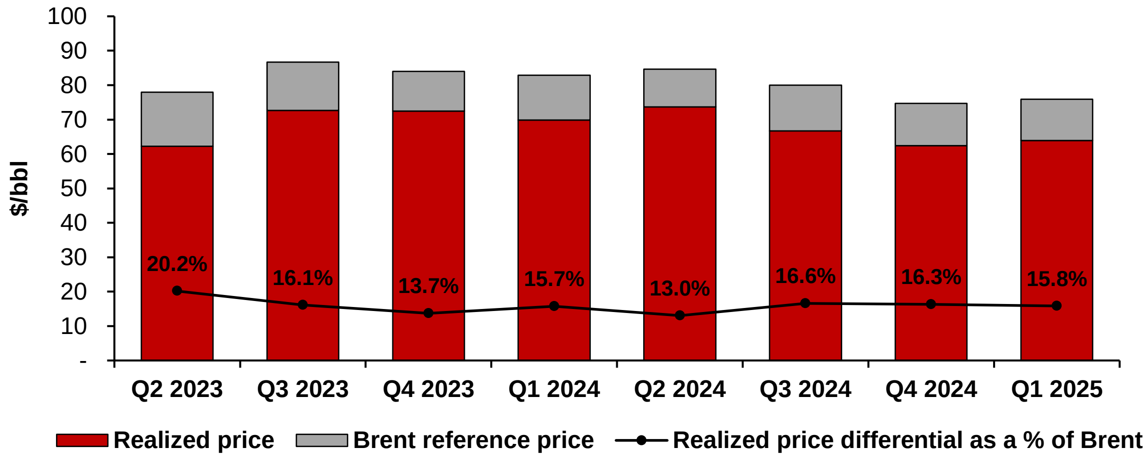
	Three months ended March 31,		%
	2025	2024	change
Avg. benchmark prices(1)			
Dated Brent *($/bbl)*	**75.87**	82.92	(9)
WTI *($/bbl)*	**71.42**	76.96	(7)
Average realized prices(2)			
Crude oil (*$/bbl*)	**63.86**	69.95	(9)
NGLs (*$/bbl*)	**64.05**	69.59	(8)
Crude oil and liquids (*$/bbl*)	**63.87**	69.88	(9)
Natural gas *($/Mcf)*	**2.50**	2.46	2
Realized commodity price(2) *($/boe)*	**28.60**	25.98	10

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

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 crude oil and NGL production through various marketing arrangements with Heritage.

The Dated Brent benchmark price of $75.87 per barrel in Q1 2025 represented a 2 percent increase from the preceding quarter and a 9 percent decrease from the prior year comparative quarter. The decrease in Q1 2025 was primarily due to the implementation and/or threat of United States tariffs weighing on global demand as the implementation of tariffs are expected to slow global economic growth.

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



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

Touchstone realized an average crude oil and liquids price of $63.87 per barrel in Q1 2025, down from $69.88 per barrel in the same quarter of 2024. The 9 percent decrease was driven by a corresponding decline in Dated Brent reference pricing. The differential between our realized crude oil and liquids prices and Dated Brent benchmark pricing was consistent in both periods.

We recorded average natural gas prices of $2.50 per Mcf in the first quarter of 2025 compared to $2.46 per Mcf realized in the equivalent prior-year period. The increase primarily reflected an annual 2 percent inflation rate in our natural gas marketing contract.

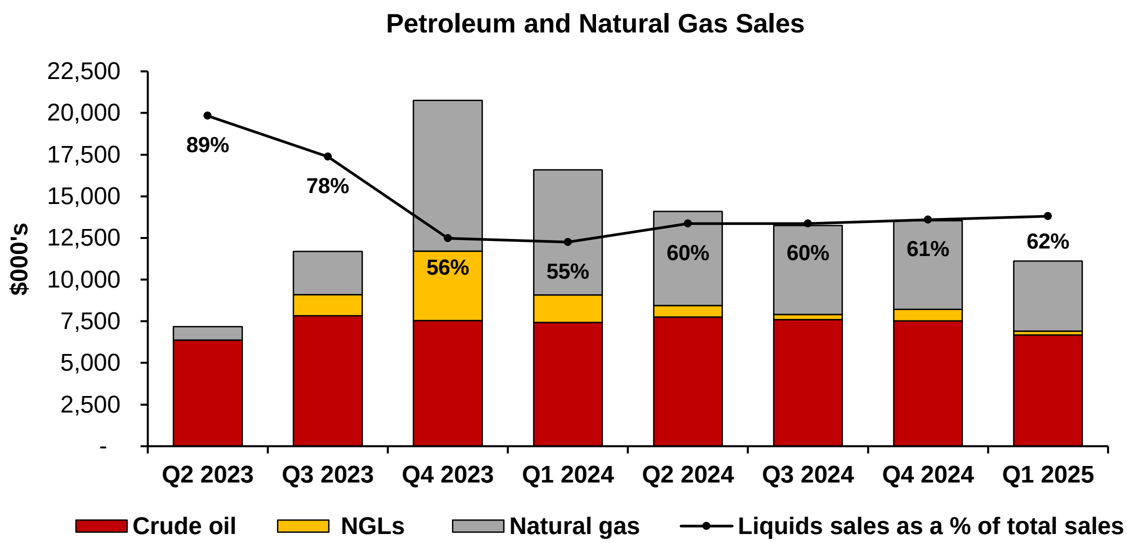
Petroleum and natural gas sales

($000's unless otherwise stated)	**Three months ended March 31,** **2025**	2024	% change
Crude oil	**6,679**	7,424	(10)
NGLs	**222**	1,657	(87)
Natural gas	**4,212**	7,503	(44)
Petroleum and natural gas sales	**11,113**	16,584	(33)
Sales mix			
Crude oil and liquids *(%)*	**62**	55	
Natural gas *(%)*	**38**	45	

We sell all produced crude oil and NGL volumes to Heritage, with title transferring at our various sales batteries. As of March 31, 2025, we held approximately 4,458 barrels of crude oil and liquids inventory in comparison to 3,838 barrels as of December 31, 2024. We sell our Coho and Cascadura natural gas volumes to the National Gas Company of Trinidad and Tobago ("NGC"), with title transferring at each processing facility.

In the first quarter of 2025, petroleum and natural gas sales declined 33 percent to $11,113,000, down from $16,584,000 in the equivalent quarter of 2024.

- Crude oil sales decreased by $745,000, with $637,000 reflecting lower realized pricing and $108,000 driven by reduced sales volumes.
- NGL sales from Cascadura natural gas production generated $222,000, down $1,435,000 from the first quarter of 2024, driven by a $19,000 decline from realized pricing and a $1,416,000 decrease from reduced production volumes.
- Natural gas sales decreased by $3,291,000, with a $67,000 gain from higher realized pricing offset by a $3,358,000 decline from lower sales volumes.



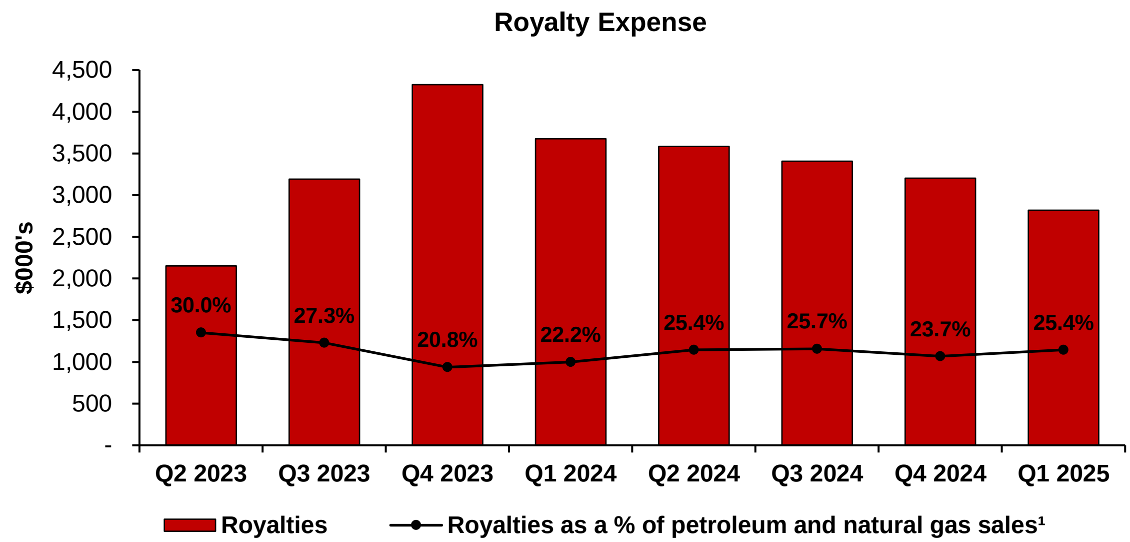
Royalty expense

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

($000's unless otherwise stated)	Three months ended March 31, 2025	2024	% change
State royalties	**1,369**	2,066	(34)
Overriding royalties	**1,407**	1,549	(9)
Private royalties	**42**	62	(32)
Royalty expense	**2,818**	3,677	(23)
$ per boe(1)	**7.25**	5.76	26
As a % of petroleum and natural gas sales(1)	**25.4**	22.2	14

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

Compared to the first quarter of 2024, royalty expense decreased by 23 percent in the first quarter of 2025. This decline was mainly driven by reduced natural gas and NGL sales from our Cascadura field. However, royalty expense as a percentage of petroleum and natural gas sales in Q1 2025 increased by 14 percent compared to the same period of 2024. This increase was primarily due to a reduction in Cascadura field sales, which are subject to a lower state royalty rate of 12.5 percent.



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

Operating expense

($000's except per boe amounts)	Three months ended March 31, 2025	2024	% change
Operating expense	**2,144**	2,444	(12)
$ per boe[(1)]	**5.52**	3.83	44

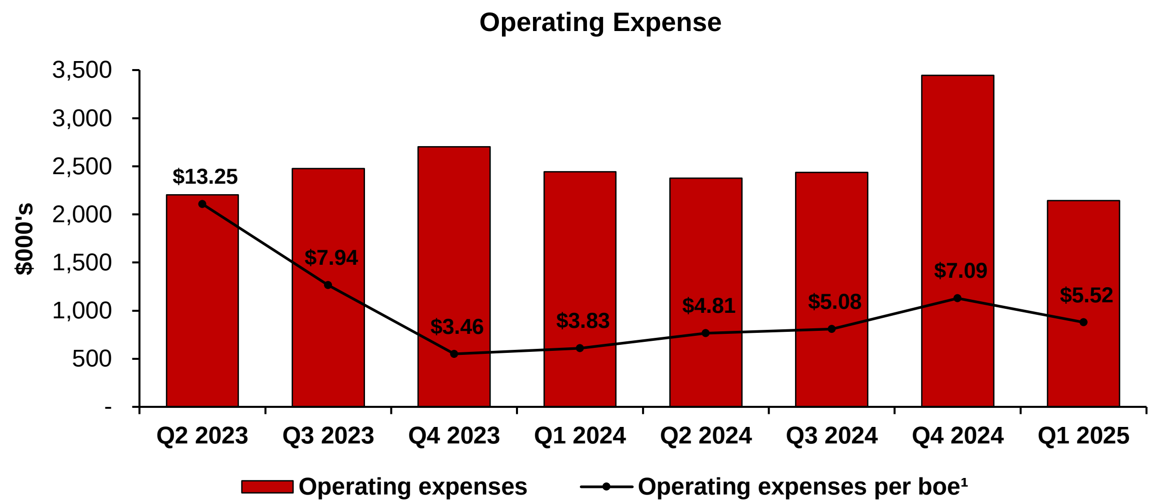
Note:
(1) Supplementary financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A.

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

Operating expenses for the first quarter of 2025 decreased by 12 percent compared to the same period in 2024, primarily due to an estimated $373,000 reduction in crude oil and liquids related costs. This decline was mainly driven by a $353,000 historical adjustment to head licence expenses, along with lower variable costs from decreased production. Conversely, natural gas operating expenses for the first quarter of 2025 increased to approximately $582,000, up from $509,000 in the same quarter of 2024. The $73,000 rise was largely due to higher field maintenance costs.

Crude oil and liquids operating expenses averaged approximately $14.46 per barrel in the first quarter of 2025, representing a 3 percent decrease compared to the same period in 2024. The decrease was primarily attributable to the previously disclosed historical head licence adjustment. The benefit was partially offset by lower NGL sales volumes, which typically carry lower unit operating costs and therefore increased the overall per barrel average in the first quarter of 2025.

Natural gas operating expenses averaged approximately $2.10 per boe in the first quarter of 2025, reflecting an increase of $1.07 per boe, or 110 percent, compared to the first quarter of 2024. The increase was largely due to a 45 percent reduction in natural gas production volumes. As a significant portion of our natural gas operating expenses are fixed in nature, the decline in volumes led to higher per unit costs as these fixed costs were allocated over a smaller production base.

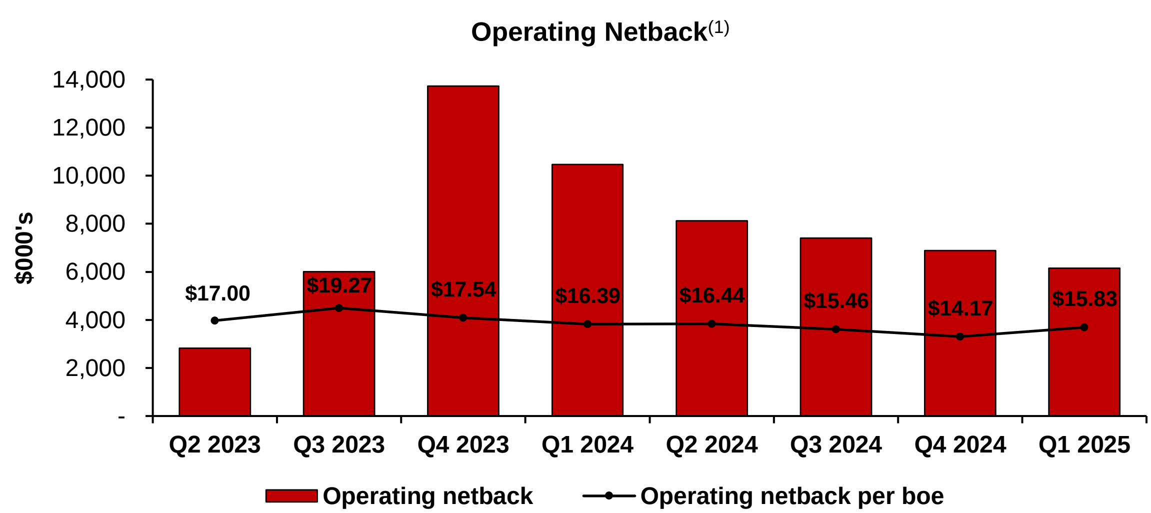


Note:
(1) Supplementary financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A.

Operating netback

	Three months ended March 31, 2025	2024	% change
($000's)			
Petroleum and natural gas sales	**11,113**	16,584	(33)
Royalty expense	**(2,818)**	(3,677)	(23)
Operating expense	**(2,144)**	(2,444)	(12)
Operating netback(1)	**6,151**	10,463	(41)
($/boe)			
Realized commodity price(1)	**28.60**	25.98	10
Royalty expense(1)	**(7.25)**	(5.76)	26
Operating expense(1)	**(5.52)**	(3.83)	44
Operating netback(1)	**15.83**	16.39	(3)

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



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

General and administration ("G&A") expense

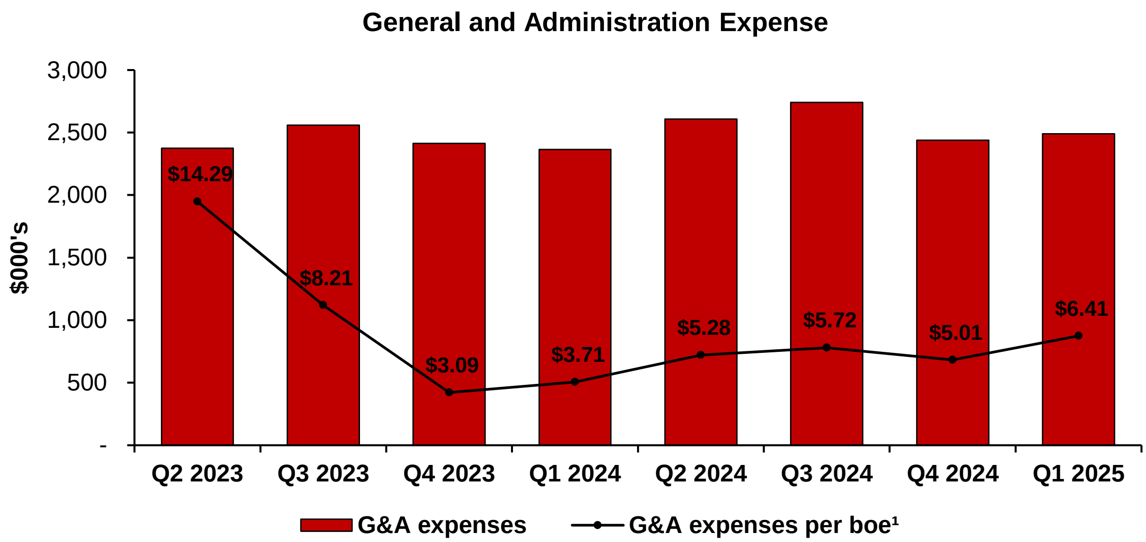
($000's except per boe amounts)	Three months ended March 31, 2025	2024	% change
Gross G&A expense	**2,587**	2,434	6
Capitalized G&A expense	**(97)**	(68)	43
G&A expense	**2,490**	2,366	5
$ per boe[(1)]	**6.41**	3.71	73

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

Gross G&A expenses for the first quarter of 2025 totaled $2,587,000, up from $2,434,000 in the same period of 2024. The $153,000 increase was primarily driven by higher information technology expenses, travel costs, and employee salaries and benefits.

Capitalized G&A expenses also rose during the three months ended March 31, 2025, compared to the same period in 2024, largely due to an increase in employee hours allocated to capital projects.

G&A expenses for the first quarter of 2025 averaged $6.41 per boe, representing a 73 percent increase from $3.71 per boe reported in the first quarter of 2024, reflecting a 5 percent increase in G&A expense and a 39 percent decrease in production volumes.



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

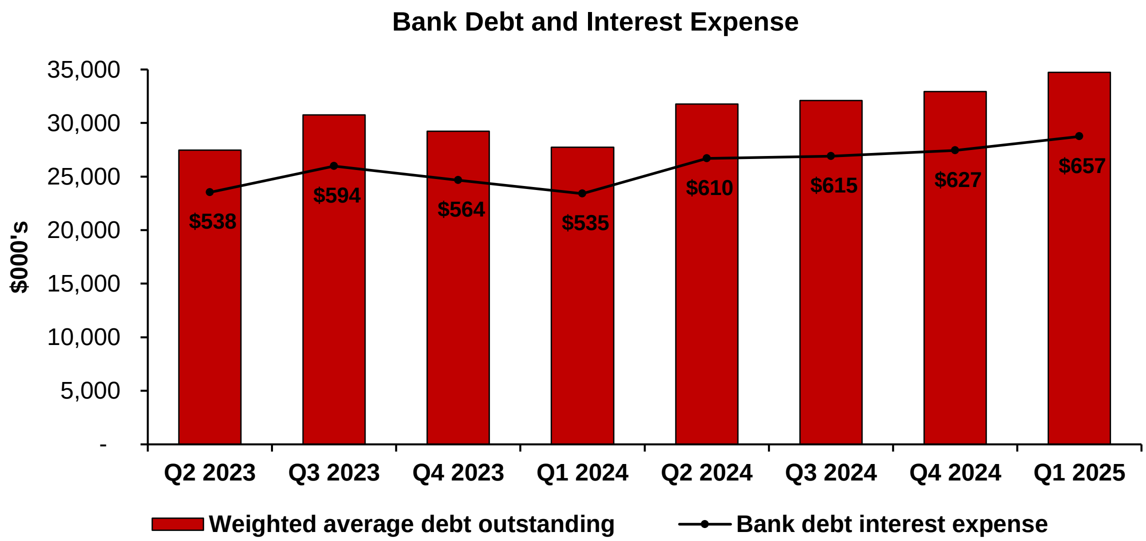
Net finance expense

($000's except per boe amounts)	Three months ended March 31, 2025	2024	% change
Interest income	**(20)**	(5)	100
Finance lease interest income	**(6)**	(8)	(25)
Lease liability interest expense	**140**	100	40
Bank debt interest expense	**657**	535	23
Accretion on decommissioning liabilities	**65**	54	20
Other	**(17)**	3	n/a
Net finance expenses	**819**	679	21

($000's except per boe amounts)	Three months ended March 31, 2025	2024	% change
Cash net finance expense[(1)]	**771**	622	24
Non-cash net finance expense[(1)]	**48**	57	(16)
Net finance expense	**819**	679	21
$ per boe[(1)]	**2.11**	1.06	99

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

Net finance expenses totaled $819,000 in the first quarter of 2025, compared to $679,000 in the same period of 2024. The $149,000 increase in cash finance expenses was primarily driven by higher bank interest costs, reflecting an increase in weighted average bank debt, as well as higher interest expenses relating to increased lease liabilities. For further details, refer to the "*Liquidity and Capital Resources - Bank Debt*" section of this MD&A.



Transaction expense

In connection with a prior year terminated acquisition, we incurred $380,000 in transaction expenses in the first quarter of 2024. We recognized $136,000 in transaction costs pursuant to the Proposed Acquisition during the three months ended March 31, 2025.

Exploration expense

Touchstone incurred $11,000 and $94,000 in exploration expenses during the three months ended March 31, 2025 and 2024, respectively. The costs related to 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 March 31, 2025	2024	% change
US$:C$ average FX rate(1)	**1.436**	1.348	7
US$:TT$ average FX rate(2)	**6.753**	6.750	-
	March 31, 2025	December 31, 2024	% change
US$:C$ closing FX rate(1)	**1.439**	1.440	-
US$:TT$ closing FX rate(2)	**6.735**	6.747	-

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 months ended March 31, 2025, the C$ depreciated by 7 percent against the US$ compared to the average exchange rate observed in the first quarter of 2024. The TT$ remained within a stable range relative to the US$ during the first quarters of 2025 and 2024. We recorded a foreign exchange gain of $51,000 in the first quarter of 2025 in comparison to a $53,000 loss reported in the prior year equivalent period. 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 into US$ at the closing exchange rate in effect on the reporting date for presentation purposes, with all foreign currency differences recorded in other comprehensive loss. As of March 31, 2025, the C$ and the TT$ remained stable relative to the US$ compared to December 31, 2024. We recognized a foreign currency translation gain of $146,000 in the first quarter of 2025 versus a $297,000 loss in the comparative 2024 quarter.

Share-based compensation

Touchstone has a stock option plan (the "Legacy Stock Option Plan") pursuant to which options to purchase common shares of the Company were granted by the Board to directors, officers, and employees of Touchstone. Touchstone adopted an omnibus incentive compensation plan in June 2023 (the "Omnibus Plan") which replaced the Legacy Stock Option Plan and was adopted to allow the Company to award stock options, restricted share units ("RSUs") and performance share units ("PSUs") to our directors, officers, employees and consultants. For a full description of our share-based compensation plans, refer to Note 15 "*Share-based Compensation Plans*" of our interim financial statements.

Stock option plans

No additional stock options will be granted under the Legacy Stock Option Plan, and all outstanding stock options previously issued thereunder will continue to be governed by such plan and will continue to vest in accordance with their existing vesting schedules. As of March 31, 2025, Touchstone had 11,574,000 stock options outstanding under both plans (December 31, 2024 - 11,731,000).

Long-term incentive plans

As of March 31, 2025 Touchstone had 1,408,717 RSUs and 1,358,717 PSUs outstanding under the Omnibus Plan (December 31, 2024 - 1,447,780 and 1,397,780, respectively). The RSUs vest one third on each of the next three anniversaries of the July 12, 2024 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, receive a payment in cash or a combination of the two. 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. As of March 31, 2025 and December 31, 2024, 977,332 deferred share units ("DSUs") were outstanding. 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 expense recorded in relation to awards issued pursuant to our share-based compensation plans for the periods indicated.

($000's)	**Three months ended March 31,**		%
	2025	2024	change
Share-settled compensation (stock options)	**135**	415	(67)
Cash-settled compensation (share awards)	**42**	-	n/a
Capitalized expense	**(13)**	(14)	(7)
Share-based compensation expense	**164**	401	(59)

Share-based compensation expense totaled $164,000 in the first quarter of 2025, compared to $401,000 in the same period of 2024. The decrease primarily reflects the absence of new stock option grants in both 2024 and 2025.

Share-settled share-based compensation relates to stock options. As no new stock options were granted during the past two years, the associated expense declined in Q1 2025.

Cash-settled share-based compensation pertains to the Company's long-term incentive plans and includes both RSUs and PSUs (which may be settled in cash or shares), as well as cash-settled DSUs. An additional $94,000 expense was recognized in the first quarter of 2025, primarily due to the vesting of RSUs and PSUs. This increase was partially offset by a $52,000 reduction in the underlying liability, driven by a decrease in the Company's common share price as at March 31, 2025, compared to December 31, 2024.

As of March 31, 2025, the Company recognized a $542,000 share-based compensation liability pursuant to our share awards and DSU compensation plans, with $382,000 classified as current and included in accounts payable and accrued liabilities on the consolidated balance sheet (December 31, 2024 - $500,000 and $383,000).

Depletion and depreciation expense

($000's except per boe amounts)	**Three months ended March 31,**		%
	2025	2024	change
Depletion expense	**2,193**	1,713	28
Depreciation expense	**233**	539	(57)
Depletion and depreciation expense	**2,426**	2,252	8
Depletion expense per boe(1)	**5.64**	2.68	100

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

For the three months ended March 31, 2025, depletion expense related to petroleum and natural gas development assets included within property, plant and equipment ("PP&E") increased by 28 percent compared to the same period in 2024. The increase was primarily driven by lower reserve volumes and higher future development costs assigned to the Cascadura field as of December 31, 2024. These factors were partially offset by lower production volumes during the quarter.

On a per boe basis, depletion expense increased by 110 percent in the first quarter of 2024 compared to the same period in 2024. The increase was primarily due to a 39 percent reduction in production volumes, combined with lower reserve volumes and higher development costs assigned as of December 31, 2024.

During the three months ended March 31, 2025, we recorded depreciation expense of $233,000, representing a decrease of $306,000 or 57 percent from the $539,000 recorded in the prior year equivalent period. In the first quarter of 2024, the Company recorded $346,000 in depreciation related to drilling rig mobilization expenses, which were recognized while the associated drilling rig was in use. The fixed asset balance was fully depreciated in the 2024 financial year. This reduction was partially offset by increased depreciation related to leasehold improvements and office equipment following the establishment of the Company's Trinidad head office in the third quarter of 2024.

Impairment of non-financial assets

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

No impairment charges related to E&E assets were recognized during the three months ended March 31, 2025. In the comparable period of 2024, the Company recorded net E&E impairment expenses of $50,000, primarily related to the Ortoire E&E asset.

PP&E impairment

On March 31, 2025 and 2024, 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.

On March 31, 2024, we performed an impairment test on our CO-2 property prior to classifying the assets and related liabilities to held for sale. 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 three months ended March 31, 2024.

Income taxes

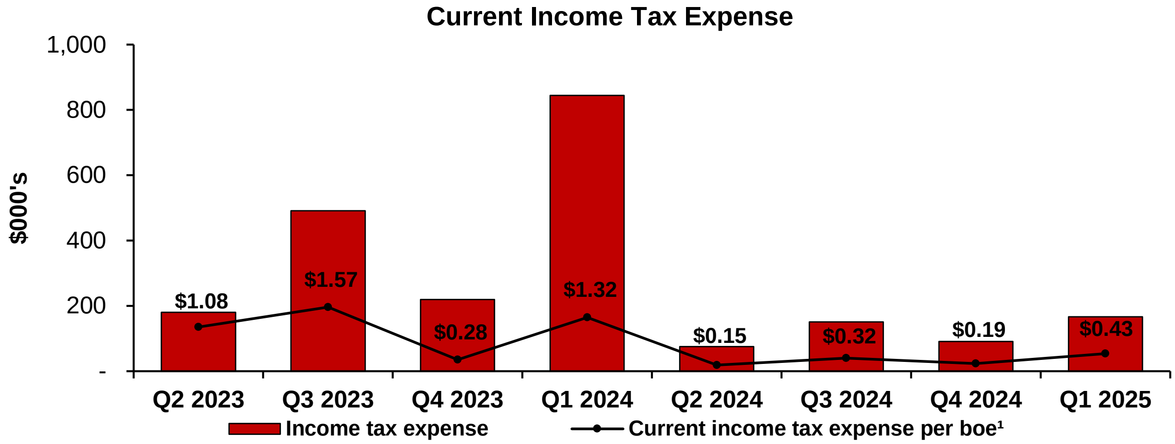
Current income tax

The following table sets forth current income tax expense for the periods indicated.

($000's except per boe amounts)	**Three months ended March 31,**		%
	2025	2024	change
Petroleum profits tax	**-**	399	(100)
Unemployment levy	**-**	158	(100)
Other taxes	**167**	287	(42)
Current income tax expense	**167**	844	(80)
$ per boe(1)	**0.43**	1.32	(67)

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

During the three months ended March 31, 2025, we recognized current income tax expense of $167,000, compared to $844,000 in the same period of 2024. The decrease was primarily attributable to lower net taxable profits generated in Trinidad, as well as a reduction in withholding taxes on intercompany transactions.



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

Deferred income tax

During the three months ended March 31, 2025, we recognized a deferred income tax recovery of $39,000, compared to a recovery of $740,000 in the same period of 2024. The Q1 2025 recovery resulted from an increase in the variance between the carrying amounts and income tax bases of PP&E assets, which was partially offset by a reduction in deductible interest reserves.

As at March 31, 2025, the Company's net deferred income tax liability was $17,921,000, consistent with the $17,924,000 recorded at December 31, 2024. This liability primarily reflects the estimated future tax consequences of differences between the financial statement carrying values and the income tax bases of the Company's petroleum and natural gas development assets included within PP&E. Further information regarding our current and deferred income taxes is included in Note 16 "*Income Taxes*" of our interim financial statements.

Net earnings

We recorded net earnings of $41,000 ($0.00 per basic and diluted share) in the first quarter of 2025 compared to net earnings of $3,628,000 ($0.02 per basic and diluted share) in the prior year equivalent quarter. The following table sets forth details of the change in net earnings from the three months ended March 31, 2024 to the three months ended March 31, 2025.

($000's)	**Three months ended March 31,**
Net earnings – 2024	3,628
Cash items	
Funds flow from operations	**(3,562)**
Cash variances	**(3,562)**
Non-cash items	
Non-cash finance expense	**9**
Unrealized foreign exchange	**80**
Share-based compensation expense	**237**
Depletion and depreciation expense	**(174)**
Impairment	**524**
Deferred income tax	**(701)**
Non-cash variances	**(25)**
Net earnings – 2025	**41**

Cash from operating activities

The following table details the change in cash from operating activities from the three months ended March 31, 2024 to the three months ended March 31, 2025.

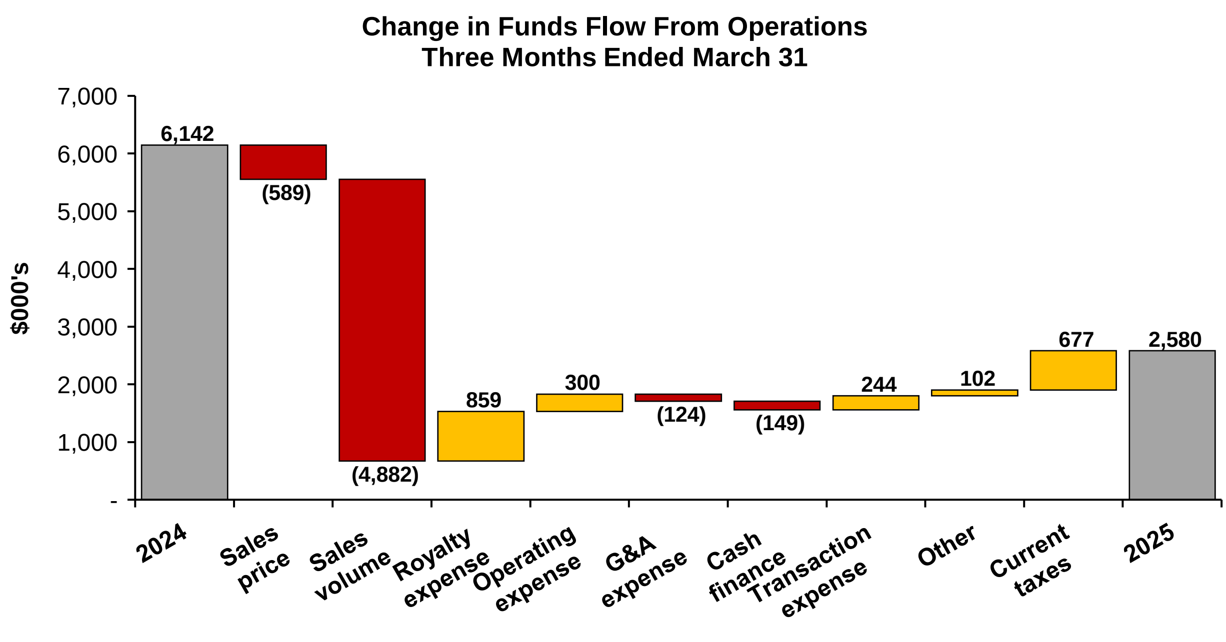
($000's)	**Three months ended March 31,**
Cash from operating activities – 2024	5,369
Decrease in funds flow from operations	**(3,562)**
Net decrease in non-cash working capital	**3,804**
Cash from operating activities – 2025	**5,611**

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.

Funds flow from operations totaled $2,580,000 in the first quarter of 2025, representing a decrease of $3,562,000 from $6,142,000 in the same period of 2024. The decline was primarily driven by lower operating netbacks, largely attributable to a 39 percent reduction in production volumes. This was partially offset by a decrease in associated income tax expenses.

The following graph summarizes the change in funds flow from operations from the three months ended March 31, 2024 to the three months ended March 31, 2025.



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, Ortoire and Rio Claro blocks.

E&E asset expenditures during the respective periods are summarized in the following table.

($000's)	Three months ended March 31, 2025	2024	% change
Licence financial obligations	**378**	49	100
Geological and geophysical	**45**	-	n/a
Drilling, completions and well testing	**-**	59	(100)
E&E asset expenditures	**423**	108	100

E&E asset expenditures totaled $423,000 in the first quarter of 2025, primarily reflecting financial obligations associated with the Company's exploration licenses. In comparison, E&E expenditures were $108,000 in the first quarter of 2024, as exploration activity during that period was minimal.

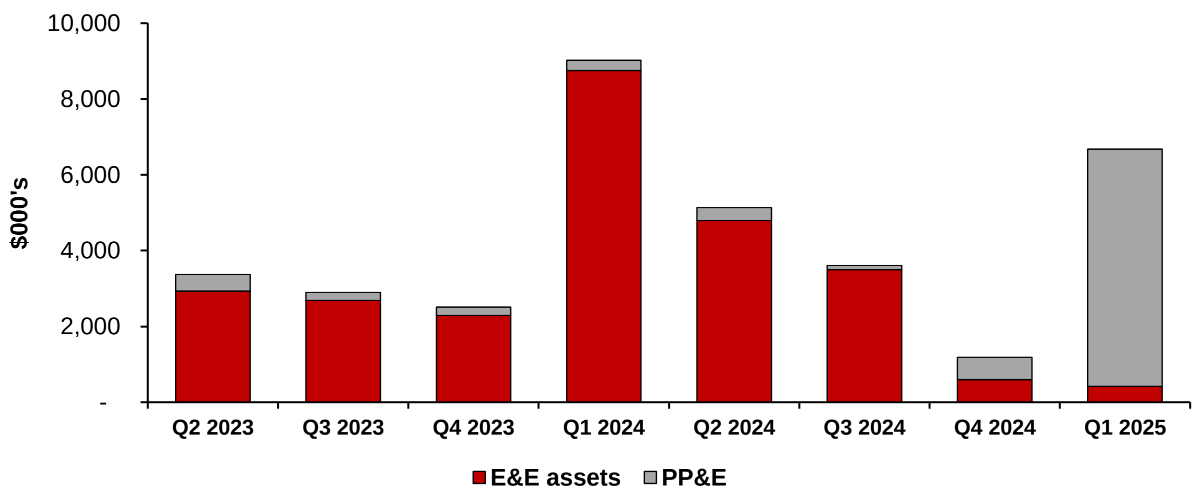
PP&E expenditures

($000's)	Three months ended March 31, 2025	2024	% change
Drilling and completions	**6,109**	9,166	(33)
Equipment and facilities	**21**	1,829	(99)
Capitalized G&A	**97**	68	43
Corporate and other	**23**	791	(97)
PP&E expenditures	**6,250**	11,854	(47)

First quarter 2025 PP&E expenditures totaled $6,250,000, primarily related to drilling operations on the Cascadura-4 development well. The well was spudded in January 2025; however, operations were suspended in February to complete critical drilling rig repairs. Drilling resumed in mid-March with a sidetrack but was subsequently paused due to wellbore instability. The continuation of operations is contingent upon the delivery of specialized equipment and chemicals not readily available locally, with drilling expected to resume upon their arrival.

PP&E expenditures totaled $11,854,000 in the first quarter of 2024, with the capital program primarily focused on development activities within the Ortoire property. Key investments during the period included the drilling of two Cascadura development wells and one CO-1 development well. In addition, the Company completed two recompletions on the Cascadura Deep-1 well and advanced construction of the flowline connecting the Cascadura C surface location to the Cascadura natural gas processing facility.

Capital Expenditures(1)



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

Decommissioning Liabilities and Abandonment Funds

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 Government of the Republic of Trinidad and Tobago's Ministry of Energy and Energy Industries ("MEEI") and operating agreements with Heritage, we are obligated to remit specified dollar amounts per boe sold into various escrow accounts. As of March 31, 2025 we reported $3,147,000 of accrued or paid contributions into MEEI and Heritage abandonment funds as long-term abandonment fund assets (December 31, 2024 - $2,965,000).

Touchstone estimated the net present value of the cash flows required to settle decommissioning liabilities to be $10,137,000 at March 31, 2025 compared to $9,985,000 as of December 31, 2024. December 31, 2024 and March 31, 2025 decommissioning liabilities were estimated using a weighted average long-term risk-free rate of 5.5 percent and a long-term inflation rate of 1.9 percent. $65,000 of accretion expenses were recognized during the three months ended March 31, 2025 to reflect the increase in decommissioning liabilities associated with the passage of time (2024 - $54,000).

Decommissioning liability details as and during the three months ended March 31, 2025 are summarized in the table below.

Number of well locations (net)	Number of facility locations (net)	Undiscounted balance *($000's)*	Inflation adjusted balance *($000's)*	Discounted balance *($000's)*
594.4	4.4	13,195	15,321	10,137

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 10 "*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. 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 March 31, 2025, we had a cash balance of $5,718,000, a working capital deficit of $7,705,000, and a principal long-term bank debt balance of $25,625,000, with no remaining borrowing capacity under our revolving loan facility (refer to the "*Bank Debt*" section below). The continued working capital deficit as at March 31, 2025 was primarily driven by capital investments related to drilling operations at the Cascadura field during the quarter.

The following table summarizes our changes in cash during the specified periods.

($000's)	Three months ended March 31, 2025	December 31, 2024	% change
Net cash from (used in):			
Operating activities	**5,611**	822	100
Investing activities	**(4,756)**	(3,479)	37
Financing activities	**(1,879)**	2,811	n/a
(Decrease) increase in cash	**(1,024)**	154	n/a
Cash, beginning of period	**6,744**	6,549	
Impact of FX on cash balances	**(2)**	41	n/a
Cash, end of period	**5,718**	6,744	(15)

Our principal near term strategy is to close the Proposed Acquisition and increase cash flow generation via the development of our Cascadura field in 2025. We will continue to take a measured approach to future development and exploration capital expenditures to manage financial liquidity while proceeding with this plan.

Subsequent to March 31, 2025, we raised gross proceeds of approximately $20.5 million by way of a private placement of our common shares. We intend to use the net proceeds from the private placement to finance development activities at the Cascadura and the Central block fields. Refer to the "*Private Placement*" section of this MD&A for further information.

Bank debt

As at March 31, 2025 and December 31, 2024, the Company had a $30 million non-revolving term loan ("term loan facility 1"), a $10 million non-revolving term loan ("term loan facility 2") and a $10 million revolving loan facility pursuant to the Loan Agreement with Trinidad-based Republic Bank Limited.

As at March 31, 2025, the Company had $33,500,000 in aggregate principal bank debt outstanding, with $7,875,000 classified as current on the consolidated balance sheet (December 31, 2024 - $35,000,000 and $7,250,000, respectively).

Details of the facilities pursuant to the Loan Agreement 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	6.08 percent through April 2026 - 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
March 31, 2025 principal balance	$13,500,000	$10,000,000	$10,000,000
March 31, 2025 available credit capacity	$nil	$nil	$nil

The Loan Agreement 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 Loan Agreement contains industry standard representations and warranties, undertakings, events of default, and financial covenants assessed on an annual basis. Pursuant to the Loan Agreement, 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 at March 31, 2025, the Company was compliant with all covenants provided for in the Loan Agreement.

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.

Subsequent to March 31, 2025, the Company and its lender executed the Amended Loan Agreement, providing for an additional $30 million term loan facility to fund the Proposed Acquisition. Refer to the "*Proposed Acquisition and Financing*" section of this MD&A for further information.

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 term loan facilities in the Loan Agreement. Accordingly, Touchstone classified $857,000 of cash as non-current restricted on the consolidated balance sheet as of March 31, 2025 (December 31, 2024 - $924,000).

Further information regarding bank debt is included in Note 9 "*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, March 31, 2025 and December 31, 2024.

	May 12, 2025	**March 31, 2025**	December 31, 2024
Common shares outstanding	**236,460,661**	**236,460,661**	236,460,661
Stock options outstanding	**11,474,000**	**11,574,000**	11,731,000
RSUs outstanding(1)	**1,408,717**	**1,408,717**	1,447,780
PSUs outstanding(1)(2)	**1,358,717**	**1,358,717**	1,397,780
	250,702,095	**250,802,095**	251,037,221

Notes:
(1) The RSUs and PSUs may be settled in cash, the issuance of Company common shares, or a combination of both at the discretion of the Board. Both share awards are currently accounted for as cash settled.
(2) Based on the notional common shares underlying the awards before any effect of the performance multiplier.

Further information regarding our share-based compensation plans and expense is included in the "*Financial and Operational Results - Share-based compensation*" section of this MD&A and in Note 15 "*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**	**March 31, 2025**	December 31, 2024
Net debt(1)		**33,330**	29,109
Shareholders' equity		**69,150**	68,828
Managed capital(1)		**102,480**	97,937
Trailing twelve-month funds flow from operations(2)		**13,186**	16,748
Net debt to funds flow from operations ratio(1)	At or < 2.0 times	**2.53**	1.74
Net debt to managed capital ratio(1)	< 0.4 times	**0.33**	0.30

Note:
(1) Specified financial measure. See the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A for further information.
(2) Trailing twelve-month funds flow from operations as at March 31, 2025 includes the sum of funds flow from operations for the three months ended March 31, 2025 and funds flow from operations for the April 1, 2024 through December 31, 2024 interim period.

Refer to the "*Private Placement*" section of this MD&A for further information and refer to the "*Market Risk Management - Liquidity risk*" section of this MD&A 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 March 31, 2025.

($000's)		**Estimated payments due by year**			
	Total	**2025**	**2026**	**2027**	**Thereafter**
Operating agreement commitments					
CO-1 block	**4,654**	2,740	93	1,500	321
WD-4 block	**4,459**	2,740	56	1,462	201
WD-8 block	**4,350**	2,728	39	1,444	139
Balata East block	**3,351**	145	1,454	78	1,674
Fyzabad block	**671**	156	81	83	351
Coho area of Ortoire block	**455**	6	3	29	417
Cascadura area of Ortoire block	**822**	11	5	53	753
Exploration block commitments					
Charuma block	**9,743**	822	744	786	7,391
Cipero block	**23,168**	376	346	5,562	16,884
Ortoire block	**10,436**	166	10,270	-	-
Rio Claro block	**17,895**	398	366	5,582	11,549
Office and equipment leases	**471**	193	187	73	18
Minimum payments	**80,475**	**10,481**	**13,644**	**16,652**	**39,698**

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. With respect to these obligations, we are required to drill six development wells in 2025.

As of March 31, 2025, we are obligated to drill an aggregate ten exploration wells on our exploration properties through 2029.

The Company is a party to lease arrangements for a drilling rig, office facilities, vehicles, and equipment. As of March 31, 2025, we recognized $5,211,000 in aggregate lease liabilities, of which $4,129,000 was classified as non-current on the consolidated balance sheet (December 31, 2024 - $5,866,000 and $4,368,000, respectively). Further information regarding our lease obligations is included in Note 8 "*Lease Liabilities*" of our interim financial statements.

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, equity price 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 domestic 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 approximately 70 percent of our near term 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. We do not hedge our 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. 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.

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 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 6.08 percent and 7.23 percent, respectively.

Equity price risk

The Company is exposed to equity price risk on its own common 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 ultimately 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.

Historically, the Company has carried aged accounts receivable related to VAT. As of March 31, 2025, the balance of past due VAT receivables decreased by $2,806,000 compared to December 31, 2024. During the three months ended March 31, 2025, the Company collected $724,000 in overdue VAT receivables. In addition, on January 31, 2025, the Government of Trinidad issued to the Company's Trinidadian subsidiaries $2,960,000 in fixed-rate, three-year bonds in settlement of past due VAT receivable balances. The bonds carry a 4.01 percent fixed interest rate and are non-transferable for six months from the date of issuance. As at March 31, 2025, the full amount of $2,960,000 was classified as current VAT bonds on the consolidated balance sheet, representing the fair value of the bonds received.

Although ultimate collection of VAT 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.

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.

The following table details the composition and aging of our accounts receivable as of March 31, 2025.

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	**1,515**	**14**	1,515	-
Natural gas sales	NGC	**1,590**	**15**	1,590	-
Joint interest billings	Heritage and NGC	**1,744**	**17**	1,744	-
VAT	Trinidad government	**4,872**	**45**	1,177	3,695
Finance lease	Third-party lessee	**224**	**2**	224	-
Other	Various	**766**	**7**	700	66
Accounts receivable		**10,711**	**100**	**6,950**	**3,761**

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 expense, operating expense, G&A expense, income tax expense 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 March 31, 2025.

($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	**18,925**	18,925	-	-
Income taxes payable	Yes – liability	**48**	48	-	-
Lease liabilities(3)	Yes – liability	**6,416**	1,532	3,572	1,312
Principal balance of bank debt(4)	Yes – liability	**33,500**	7,875	22,500	3,125
Bank debt interest(4)	No – recognized as incurred	**3,657**	2,277	1,244	136
Share-based compensation liabilities(5)	Yes – liability	**542**	382	160	-
Financial liabilities		**63,088**	**31,039**	**27,476**	**4,573**

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 $1,082,000 current portion of lease liabilities and the $382,000 current portion of share-based compensation liabilities.
(3) Includes the notional interest and principal payments.
(4) Future interest payments are based on interest rates in effect as of March 31, 2025. Two of the Company's three loan facility interest rates are reset on an annual basis (refer to the "*Liquidity and Capital Resources - Bank debt*" section herein).
(5) Represents accrued obligations associated with share-based compensation that are 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.

Subsequent Events

Please refer to the "*Proposed Acquisition and Financing*" and "*Private Placement*" sections of this MD&A for information regarding events occurring subsequent to March 31, 2025.

Changes in Accounting Policies Including Initial Adoption

There were no changes in accounting policies during the three months ended March 31, 2025 that had a material effect on the reported comprehensive income 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. Details regarding future accounting pronouncements that will affect the Company is included in Note 4 "*Changes to Accounting Policies*" of our audited financial statements.

Off-balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the three months ended March 31, 2025, 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 of this MD&A.

Significant Accounting Estimates, Judgements and Assumptions

The preparation of consolidated 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 and audited financial statements is included in Note 5 "*Use of Estimates, Judgements and Assumptions*" of our audited 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, equity price risk, credit risk and liquidity risk.

Please refer to our 2024 Annual Information Form dated March 19, 2025 for a full understanding of risks that affect Touchstone, which can be found online 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 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 January 1, 2025 and ended March 31, 2025 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	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023
Operational								
Average daily production *(boe/d)*	**4,317**	5,287	5,211	5,432	7,015	8,504	3,391	1,827
Net wells drilled	**-**	-	-	1.0	2.6	-	-	-
Realized commodity price[1] *($/boe)*	**28.60**	27.85	27.65	28.50	25.98	26.53	37.44	43.19
Operating netback[1] *($/boe)*	**15.83**	14.17	15.46	16.44	16.39	17.54	19.27	17.00
Financial *($000's except per share amounts)*								
Petroleum and natural gas sales	**11,113**	13,543	13,253	14,090	16,584	20,759	11,682	7,181
Cash from operating activities	**5,611**	822	3,607	3,383	5,369	8,512	343	2,975
Funds flow from operations	**2,580**	3,614	3,024	3,968	6,142	10,489	2,432	6
Net earnings (loss)	**41**	(542)	1,847	3,339	3,628	(21,236)	988	(71)
Per share – basic and diluted	**0.00**	(0.00)	0.01	0.01	0.02	(0.09)	0.00	(0.00)
E&E asset expenditures	**423**	426	452	60	108	595	3,498	4,795
PP&E expenditures	**6,250**	2,680	2,616	5,483	11,854	591	111	340
Capital expenditures[1]	**6,673**	3,106	3,068	5,543	11,962	1,186	3,609	5,135
Working capital deficit[1]	**7,705**	1,359	3,865	2,674	14,121	7,581	13,419	10,913
Principal long-term bank debt	**25,625**	27,750	25,728	26,000	13,500	15,000	16,500	18,000
Net debt[1] – end of period	**33,330**	29,109	29,593	28,674	27,621	22,581	29,919	28,913
Share Information *(000's)*								
Weighted average – basic	**236,461**	236,461	235,189	234,959	234,213	234,213	233,541	233,144
Weighted average – diluted	**236,461**	236,461	236,578	236,364	236,548	234,213	237,138	233,144
Outstanding shares – end of period	**236,461**	236,461	236,461	236,307	234,213	234,213	234,213	233,428

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

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 first quarter of 2025, we recorded funds flow from operations of $2.6 million, reflecting a 29 percent decrease from the previous quarter, primarily due to an 18 percent reduction in production. Capital expenditures for the quarter totaled $6.7 million, which were mainly related to drilling operations at the Cascadura-4 well. As a result, we ended the quarter with net debt of $33.3 million.
- We recorded funds flow from operations of $3.6 million in the fourth quarter of 2024, reflecting a 20 percent increase from the prior quarter, as reductions in G&A and transaction expenses fully offset lower operating netbacks. Capital spending totaled $3.1 million, primarily directed toward the Cascadura field, including the completion of the Cascadura C tie-in project and the Cascadura B location, and the purchase of drilling related inventory. As a result, we ended the quarter with a net debt balance of $29.1 million. The Company reported a net loss of $0.5 million, primarily due to $2.3 million in pre-tax Ortoire exploration asset impairment expenses and higher depletion expenses following Cascadura reserves reductions.
- In the third quarter of 2024, we recorded funds flow from operations of $3 million, representing a 24 percent decrease from the $4 million reported in the prior quarter. This decline was due to a 4 percent drop in production and a 3 percent reduction in realized commodity pricing. Capital spending for the quarter totaled $3.1 million, primarily directed toward the Cascadura field. This included initial completions on the Cascadura-2ST1 and Cascadura-3ST1 wells, progress on the Cascadura C tie-in project, and construction of the Cascadura B location. As a result, we exited the quarter with a net debt balance of $29.6 million.
- Funds flow from operations in the second quarter of 2024 was $4 million, reflecting a 35 percent decrease from the $6.1 million reported in the previous quarter. This decline was primarily due to a 23 percent drop in production, partially offset by a 10 percent increase in realized commodity pricing. Capital expenditures totaled $5.5 million, largely focused on advancing the Cascadura C tie-in project and drilling one CO-1 development well. Additionally, on April 16, 2024, we entered into an additional $10 million, five-year non-revolving term loan facility with our lender, which was fully drawn on May 1, 2024.
- In the first quarter of 2024, we recorded funds flow from operations of $6.1 million, a decrease of $4.3 million from the previous quarter. This decline was primarily due to an 18 percent reduction in production and a 2 percent decrease in realized commodity pricing. We invested $12 million in capital expenditures, mainly focused on development drilling in our Cascadura field and advancing the construction of the flowline from the Cascadura C surface location to the Cascadura natural gas processing facility. As a result, our corporate net debt increased by 22 percent compared to the previous 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 E&E 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 net debt position of $28.9 million at quarter-end.

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 royalty 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.

($000's unless otherwise stated)	**Three months ended March 31,**	
	2025	2024
Petroleum and natural gas sales	**11,113**	16,584
Less: royalty expense	**(2,818)**	(3,677)
Petroleum and natural gas revenue, net of royalties	**8,295**	12,907
Less: operating expense	**(2,144)**	(2,444)
Operating netback	**6,151**	10,463
Total production *(boe)*	**388,519**	638,347
Operating netback *($/boe)*	**15.83**	16.39

Cash and non-cash net finance expense

Cash and non-cash net finance expense are non-GAAP financial measures. Cash finance expenses are calculated as net finance expense as determined in accordance with IFRS, less accretion on bank debt, accretion on decommissioning obligations, and lease modifications, all of which are non-cash in nature. The Company discloses net finance expense as cash or non-cash to demonstrate the true cost of finance expense 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 March 31,**	
	2025	2024
E&E asset expenditures	**423**	108
PP&E expenditures	**6,250**	11,854
Capital expenditures	**6,673**	11,962
Abandonment fund expenditures	**175**	301
Net change in non-cash working capital	**(2,092)**	(10,248)
Cash used in investing activities	**4,756**	2,015

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. 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. These measures are capital management measures used by Management to steward the Company's overall debt position and assess overall financial strength.

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)	**March 31, 2025**	December 31, 2024	March 31, 2024
Current assets	**(20,607)**	(22,151)	(25,534)
Current liabilities	**28,312**	23,510	39,655
Working capital deficit	**7,705**	1,359	14,121
Principal balance of long-term bank debt	**25,625**	27,750	13,500
Net debt	**33,330**	29,109	27,621
Shareholders' equity	**69,150**	68,828	63,512
Managed capital	**102,480**	97,937	91,133

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

($000's)	**March 31, 2025**	December 31, 2024	March 31, 2024
Total liabilities	**86,090**	83,445	86,201
Lease liabilities	**(4,129)**	(4,368)	(2,749)
Share-based compensation liability	**(160)**	(117)	-
Decommissioning liability	**(10,137)**	(9,985)	(9,698)
Deferred income tax liability	**(17,921)**	(17,924)	(20,620)
Variance of carrying value and principal value of bank debt	**194**	209	21
Current assets	**(20,607)**	(22,151)	(25,534)
Net debt	**33,330**	29,109	27,621

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 twelve months funds flow from operations for any given period. 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 and/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. This ratio may increase at certain times as a result of increased debt to finance capital expenditures.

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 barrel - 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 are a component of petroleum and natural gas sales.

Realized NGL sales per barrel - 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 barrel - 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 are a component of petroleum and natural gas sales.

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

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

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

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

Net finance expense per boe - is comprised of net finance expense 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 expense 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 consolidated financial statements.

Current income tax expense per boe - is comprised of current income tax expense 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 reference 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 preliminary annual 2025 guidance and its expectation to update its 2025 guidance as well as the timing thereof;
- 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, renewal 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 royalty expense, operating expense, G&A expense, net finance expense, current income tax expense and other costs associated with the Company's business;
- treatment under current and future governmental regulatory regimes, environmental legislation, and tax laws enacted in the Company's areas of operations and the resulting impact on the Company's capital and operating expenditures;
- 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, the Company's expectation to receive past due VAT amounts from the Trinidad government and the Company's expectation to liquidate bonds received by the Trinidad government in lieu of VAT payments;
- 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, its ability to obtain waivers if the related annual financial covenants are breached and its ability to make future scheduled interest and principal payments;
- the potential of future acquisitions or dispositions and receiving required regulatory approvals thereto, including the Company's expectation of closing the Proposed Acquisition, the estimated payment price, the expected benefits therefrom and the estimated timing thereof;
- the Company's expectation of closing the private placement, the proceeds to be issued therefrom and the intended use of such proceeds;
- 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*".

For further information regarding the private placement, the Proposed Acquisition and the related debt financing included the related advisories thereto (all of which are incorporated by reference herein), refer to the Company's news release dated December 13, 2024 entitled "*Touchstone Exploration Announces the Acquisition of Central Block*", its news release dated April 29, 2025 entitled "*Touchstone Exploration Provides Acquisition Update*", its news release dated May 8, 2025 entitled "*Touchstone Exploration Announces Private Placement and an Acquisition Financing Update*", and its news release dated May 13, 2025 entitled "*Touchstone Exploration Announces Amended Loan Agreement to Support Pending Acquisition*", all of which are available online on Touchstone's profile on SEDAR+ (www.sedarplus.ca) and its website (www.touchstoneexploration.com).

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 presented by Touchstone 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.

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 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, the ability to attract and retain qualified employees on a cost-effective basis, extreme weather-related events, and commodity pricing 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 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 and 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 volumes 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	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023
Production								
Light and medium crude oil *(bbls)*	**99,112**	114,492	109,771	100,136	100,599	98,314	103,048	96,050
Heavy crude oil *(bbls)*	**5,475**	5,995	4,638	5,254	5,535	5,966	5,831	6,270
Crude oil *(bbls)*	**104,587**	120,487	114,409	105,390	106,134	104,280	108,879	102,320
NGLs *(bbls)*	**3,466**	11,087	4,101	9,207	23,811	57,183	16,180	-
Crude oil and liquids *(bbls)*	**108,053**	131,574	118,510	114,597	129,945	161,463	125,059	102,320
Conventional natural gas *(Mcf)*	**1,682,797**	2,128,528	2,164,853	2,278,297	3,050,412	3,725,201	1,121,585	383,572
Total production *(boe)*	**388,519**	486,329	479,319	494,313	638,347	782,330	311,990	166,249
Average daily production								
Light and medium crude oil *(bbls/d)*	**1,101**	1,245	1,194	1,100	1,105	1,068	1,120	1,055
Heavy crude oil *(bbls/d)*	**61**	65	50	58	61	65	63	69
Crude oil *(bbls/d)*	**1,162**	1,310	1,244	1,158	1,166	1,133	1,183	1,124
NGLs *(bbls/d)*	**39**	121	45	101	262	622	176	-
Crude oil and liquids *(bbls/d)*	**1,201**	1,431	1,289	1,259	1,428	1,755	1,359	1,124
Conventional natural gas *(Mcf/d)*	**18,698**	23,136	23,531	25,036	33,521	40,491	12,191	4,215
Average daily production *(boe/d)*	**4,317**	5,287	5,211	5,432	7,015	8,504	3,391	1,827

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	C$	Canadian dollar
Mbbls	thousand barrels	NGL(s)	Natural gas liquid(s)
Mcf	thousand cubic feet	TSX	Toronto Stock Exchange
Mcf/d	thousand cubic feet per day	TT$	Trinidad and Tobago dollar
MMcf	million cubic feet	WTI	Western Texas Intermediate
MMcf/d	million cubic feet per day	$ or US$	United States dollar
MMBtu	million British Thermal Units	£	Pounds sterling
boe	barrels of oil equivalent	Q1	First quarter, representing the three months ended March 31
boe/d	barrels of oil equivalent per day		
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 2024 financial statements and the related management's discussion and analysis, as well as and our December 31, 2024 Annual Information Form dated March 19, 2025, all of which can be accessed online on our SEDAR+ profile (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

Corporate Information

Directors
Kenneth R. McKinnon
Chair of the Board

Jenny Alfandary
Paul R. Baay
Priya Marajh
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

MUFG Corporate Markets
Leeds, 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
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