



Touchstone Exploration Inc.

Management's Discussion and Analysis

For the three and six months ended June 30, 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 and six months ended June 30, 2025 with comparisons to the three and six months ended June 30, 2024 is dated August 13, 2025 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 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 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 June 30, 2024			Six months ended June 30, 2024		
	2025		% change	2025		% change
Operational						
Average daily production						
Crude oil ⁽¹⁾ (bbls/d)	1,142	1,158	(1)	1,152	1,162	(1)
NGLs ⁽¹⁾ (bbls/d)	210	101	100	125	181	(31)
Crude oil and liquids ⁽¹⁾ (bbls/d)	1,352	1,259	7	1,277	1,343	(5)
Natural gas ⁽¹⁾ (Mcf/d)	18,282	25,036	(27)	18,489	29,279	(37)
Average daily production (boe/d) ⁽²⁾	4,399	5,432	(19)	4,359	6,223	(30)
Production mix (% of production)						
Crude oil and liquids ⁽¹⁾	31	23		29	22	
Natural gas ⁽¹⁾	69	77		71	78	
Average realized prices ⁽³⁾						
Crude oil ⁽¹⁾ (\$/bbl)	58.52	73.62	(21)	61.20	71.78	(15)
NGLs ⁽¹⁾ (\$/bbl)	35.40	73.86	(52)	39.80	70.78	(44)
Crude oil and liquids ⁽¹⁾ (\$/bbl)	54.93	73.64	(25)	59.11	71.64	(17)
Natural gas ⁽¹⁾ (\$/Mcf)	2.55	2.48	3	2.53	2.47	2
Realized commodity price (\$/boe) ⁽²⁾	27.50	28.50	(4)	28.04	27.08	4
Operating netback (\$/boe) ⁽²⁾						
Realized commodity price ⁽³⁾	27.50	28.50	(4)	28.04	27.08	4
Royalty expense ⁽³⁾	(6.63)	(7.25)	(9)	(6.94)	(6.41)	8
Operating expense ⁽³⁾	(8.28)	(4.81)	72	(6.92)	(4.26)	62
Operating netback ⁽³⁾	12.59	16.44	(23)	14.18	16.41	(14)
Financial						
(\$000's except per share amounts)						
Petroleum and natural gas sales	11,007	14,090	(22)	22,120	30,674	(28)
Cash (used in) from operating activities	(234)	3,383	n/a	5,377	8,752	(39)
Funds flow from operations	1,433	3,968	(64)	4,013	10,110	(60)
Net (loss) earnings	(710)	3,339	n/a	(669)	6,967	n/a
Per share – basic and diluted	(0.00)	0.01	n/a	(0.00)	0.03	n/a
Capital expenditures ⁽³⁾	4,659	5,543	(16)	11,332	17,505	(35)
Acquisition expenditure	28,400	-	n/a	28,400	-	n/a
Working capital deficit ⁽³⁾				11,816	2,674	100
Principal long-term bank debt				52,071	26,000	100
Net debt ⁽³⁾ – end of period				63,887	28,674	100
Share Information (000's)						
Weighted avg. shares outstanding:						
Basic	248,644	234,959	6	242,586	234,586	3
Diluted	248,644	236,364	5	242,586	236,451	3
Outstanding shares – end of period				261,097	236,307	10

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 propane; 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.

Highlights of Touchstone's financial and operating results for the three months ended June 30, 2025 include:

- **Strategic Acquisition:** Completed the acquisition of Shell Trinidad Central Block Limited, adding approximately 1,910 boe/d of liquids-rich natural gas production and providing access to global LNG pricing.
- **Production:** Averaged 4,399 boe/d in the second quarter of 2025 (69 percent natural gas), compared to 4,317 boe/d (72 percent natural gas) in the first quarter of 2025 and 5,432 boe/d (77 percent natural gas) in the second quarter of 2024. Second quarter 2025 volumes include approximately 1.5 months of production from the Central block acquisition, which contributed approximately 1,910 boe/d over the post-acquisition period.
- **Petroleum and Natural Gas Sales:** Totaled \$11.01 million, a 22 percent decrease from \$14.1 million recorded in the comparative prior year quarter.
 - Crude oil sales: \$6.08 million from average production of 1,142 bbls/d at an average realized price of \$58.52 per barrel.
 - NGL sales: \$0.68 million from average production volumes of 210 bbls/d at an average realized price of \$35.40 per barrel.
 - Natural gas sales: \$4.25 million from average production of 18.3 MMcf/d (3,047 boe/d) at an average realized price of \$2.55 per Mcf.
- **Operating Netback:** Generated \$5.04 million in operating netback, a 38 percent decrease from the second quarter of 2024, primarily due to decreased petroleum and natural gas sales and related royalties and increased natural gas related operating expenses.
- **Funds Flow from Operations:** Declined to \$1.43 million from \$3.97 million in the prior year equivalent quarter, largely driven by lower operating netbacks and increased cash finance expenses, partially offset by lower current income tax.
- **Net Loss:** Recorded a net loss of \$0.71 million (\$0.00 per share) compared to net earnings of \$3.34 million (\$0.01 per share) in the second quarter of 2024. The variance was primarily driven by the decrease in year-over-year funds flow from operations and a \$1.54 million gain on asset disposition recorded in the prior year.
- **Capital Investments:** Invested \$4.66 million, primarily directed toward the drilling of the Cascadura-5 development well.
- **Private Placement:** Raised net proceeds of \$5.22 million in the quarter from the issuance of 24,636,585 common shares at 20.5 pence sterling (approximately C\$0.38) per share.
- **Financial Position:** Net debt increased to \$63.89 million at June 30, 2025, reflecting the close of the Central block acquisition which was funded by an additional \$30 million term loan facility.

Acquisition

On May 16, 2025, the Company, through its wholly owned Trinidadian subsidiary, completed the acquisition of 100 percent of the share capital of Shell Trinidad Central Block Limited (the "Acquisition") for preliminary cash consideration of 28.4 million. Financial and operational results from the acquired entity have been consolidated into the Company's financial statements from the May 16, 2025 effective date.

The acquired entity, now renamed Touchstone Trinidad Central Block Ltd., holds a 65 percent operating interest in the onshore Central block exploration and production licence. Heritage Petroleum Company Limited ("Heritage") holds the remaining 35 percent participating interest. The Central block assets include four producing natural gas wells and a gas processing facility, with production from the Carapal Ridge, Baraka, and Baraka East liquids-rich natural gas pools. In addition to current low-decline production, the block offers upside potential through facility optimization, infill drilling, and exploration prospects.

The Acquisition includes three natural gas sales contracts: one with access to the Trinidad domestic market and two with access to Atlantic LNG. The Central block is located within the hydrocarbon-rich Herrera fairway and is contiguous with our Ortoire block, creating strategic opportunities for natural gas transportation, processing, and marketing. Notably, production from our Coho field is currently processed at the Central block facility, providing operational and commercial synergies.

The Acquisition was financed through a new \$30 million six-year non-revolving term loan facility arranged by the Company's existing Trinidad-based lender (refer to the "*Liquidity and Capital Resources - Bank debt*" section herein for additional information).

For additional details regarding the Acquisition, including a preliminary purchase price allocation, refer to Note 5 "*Business Combination*" of our interim financial statements.

Private Placement

On May 8, 2025, the Company announced a United Kingdom-based private placement to raise gross proceeds of £15,375,000 through the issuance of up to 75,000,000 new common shares at a price of 20.5 pence sterling per share (approximately C\$0.38 per share). On May 16, 2025, the full allotment of shares was issued to the broker's settlement agent to be held in trust pending receipt of funds.

During May 2025, the Company received gross proceeds of £5,051,000 million (\$6,746,000) and issued 24,636,585 common shares to participating investors. Net proceeds from this tranche totalled \$5,221,000, after deducting transaction costs.

As previously announced, the remaining subscription funds were not received by the closing deadline. The Company cancelled the balance of the placement on June 30, 2025. Consequently, 50,363,415 common shares were cancelled, reducing the total number of issued and outstanding common shares to 261,097,246.

Convertible Debenture Offering

The Company closed a private placement of a secured convertible debenture and warrants (the "Offering"), with a Canadian private investor and existing shareholder on August 13, 2025, raising gross proceeds of \$12,500,000. Net proceeds from the Offering are intended to fund the remaining 2025 Cascadura development drilling program and to reduce outstanding accounts payable.

The convertible debenture has a three-year term and bears interest at a rate of 5 percent per annum, payable semi-annually. The debenture is convertible into common shares of the Company at any time prior to maturity at a conversion price of approximately US\$0.22 per share, representing the US dollar equivalent of C\$0.30 per share at the date of issuance. At the holder's option, interest may be paid in cash or in Company common shares, with the number of shares determined based on the market price of the common shares and prevailing exchange rate at the time of payment, subject to TSX approval.

As part of the Offering, the Company issued 6,250,000 common share purchase warrants, each exercisable to acquire one Company common share at a price of C\$0.40 per share for a period of two years from the date of issuance.

The Company received written confirmation from its lender that the proceeds from the Offering satisfy an equivalent portion of the equity raise requirement pursuant to the existing Fourth Amended and Restated Loan Agreement (the "Loan Agreement"). As a result, the Company is required to raise an additional \$7.3 million in net equity proceeds on or before December 31, 2025 to remain in compliance with the terms of the Loan Agreement.

Going Concern

Under the terms of its Loan Agreement, the Company is required to comply with three financial covenants assessed annually. Based on current forecasts, the Company anticipates a potential breach of the net senior funded debt to trailing annual EBIDA ratio due to the \$12.5 million Offering. Such a breach could result in the Company's outstanding bank debt balance becoming immediately due and payable. While no waiver has been obtained to date, the Company intends to seek a waiver from the lender prior to the December 31, 2025 covenant measurement date if required.

As disclosed above, the Loan Agreement also requires the Company to raise an additional \$7.3 million in equity proceeds on or before December 31, 2025 to maintain compliance.

There can be no assurance that a covenant waiver will be obtained or that the required equity financing will be completed. Failure to achieve either outcome may cast significant doubt on the Company's ability to continue as a going concern. The interim financial statements do not reflect potential adjustments to the carrying amounts of assets and liabilities, reported amounts of revenue and expenses, and balance sheet classifications that would be required if the going concern assumption were deemed inappropriate. Such adjustments could be material.

Annual 2025 Guidance

On December 9, 2024, the Company released its preliminary 2025 operational and financial guidance (the "Original Guidance"). Following the closing of the Acquisition in May 2025, Touchstone has updated its 2025 guidance as summarized in the following table.

Annual Guidance Summary ⁽¹⁾	Updated Guidance	Original Guidance ⁽²⁾	Variance	
			Amount	%
Capital expenditures ⁽³⁾ (\$000's)	28,000	23,000	5,000	22
Average daily production (boe/d)	5,300 to 5,900	6,700 to 7,300	(1,400)	(20)
% natural gas	74%	77%	(3)	
% crude oil and liquids	26%	23%	3	
Funds flow from operations ⁽⁴⁾ (\$000's)	11,000	22,000	(11,000)	(50)
Net debt – end of year ⁽³⁾⁽⁴⁾ (\$000's)	64,000	30,000	34,000	113

Notes:

- (1) Forward-looking statement and financial outlook information based on Management current estimates. Refer to "Advisories - Forward-looking Statements".
- (2) As disclosed in the Company's December 9, 2024 news release.
- (3) Specified or supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.
- (4) Based on the midpoint of the average production forecast: updated - 5,600 boe/d; original - 7,000 boe/d.

The Company remains focused on capital discipline and maximizing value from its core development and exploration assets. The near-term strategy prioritizes enhancing operating cash flows through disciplined development drilling and the execution of targeted projects.

The Company now plans to fund its 2025 capital program primarily through net proceeds from the May 2025 private placement and the Offering, supplemented by an additional equity financing of approximately \$7.3 million, expected to close before the end of 2025, to satisfy obligations under the Loan Agreement. This approach replaces the original plan to fund the program through expanded credit facilities, which were utilized to finance the Acquisition.

The preliminary 2025 capital program contemplated four Cascadura development wells at Cascadura. The updated program replaces two of these wells with one development well on the Central block and two development wells at the WD-8 property. In addition, approximately \$2.6 million in capital expenditures are

expected in the second half of 2025 for a Cascadura facility compression project, scheduled for completion in the second quarter of 2026.

As a result of the Acquisition and the deferral of drilling the two initial Cascadura wells, the midpoint of the 2025 production forecast has been reduced by approximately 20 percent, and expected funds flow from operations has decreased by 50 percent. Forecast year-end net debt is expected to increase by 113 percent, primarily reflecting the \$30 million term loan facility used to finance the Acquisition and proceeds from the Offering to support development activities.

For further information regarding the Company's updated 2025 guidance and the related advisories thereto (which are incorporated by reference herein), refer to the Company's news release dated August 14, 2025 titled "*Touchstone Exploration Announces Second Quarter 2025 Results*" which can be found on the Company's profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

Principal Properties and Licences

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

A schedule of our Trinidad property interests as of June 30, 2025 is provided below.

Property	Working interest (%)	Licence type	Licence Expiry	Gross acres ⁽¹⁾	Net acres ⁽²⁾
<i>Developed</i>					
CO-1	100	LOA	December 31, 2030 ⁽³⁾	1,230	1,230
WD-4	100	LOA	December 31, 2030 ⁽³⁾	700	700
WD-8	100	LOA	December 31, 2030 ⁽³⁾	650	650
Balata East	100	EPSC	November 30, 2030 ⁽³⁾	1,270	1,270
Barrackpore	100	Private	Various	211	211
Central	65	State	September 17, 2031 ⁽⁴⁾	6,698	4,354
Fyzabad	100	State	August 19, 2032 ⁽⁴⁾	94	94
Fyzabad	100	Private	Various	470	470
Ortoire - Coho	80	State	October 31, 2039 ⁽⁴⁾	1,317	1,054
Ortoire - Cascadura	80	State	October 31, 2039 ⁽⁴⁾	2,377	1,902
				15,017	11,935
<i>Exploratory</i>					
Charuma	80	State	June 30, 2030	72,784	58,227
Cipero	80	State	June 30, 2030	29,924	23,939
Ortoire	80	State	July 31, 2026	36,950	29,560
Rio Claro	80	State	November 4, 2030	31,983	25,586
				171,641	137,312
Total				186,658	149,247

Notes:

- (1) "Gross" means the total area of properties in which Touchstone has an interest.
- (2) "Net" means the total area of properties in which Touchstone has an interest multiplied by the Company's working interest.
- (3) Excluding an option for a five-year renewal, upon which future work commitments over the extended term must be agreed between the parties.
- (4) Excluding options for subsequent five-year renewal periods under terms to be agreed between the parties.

For further details regarding our production, exploration and marketing contracts, please see our 2024 AIF dated March 19, 2025, which can be found on the Company's profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

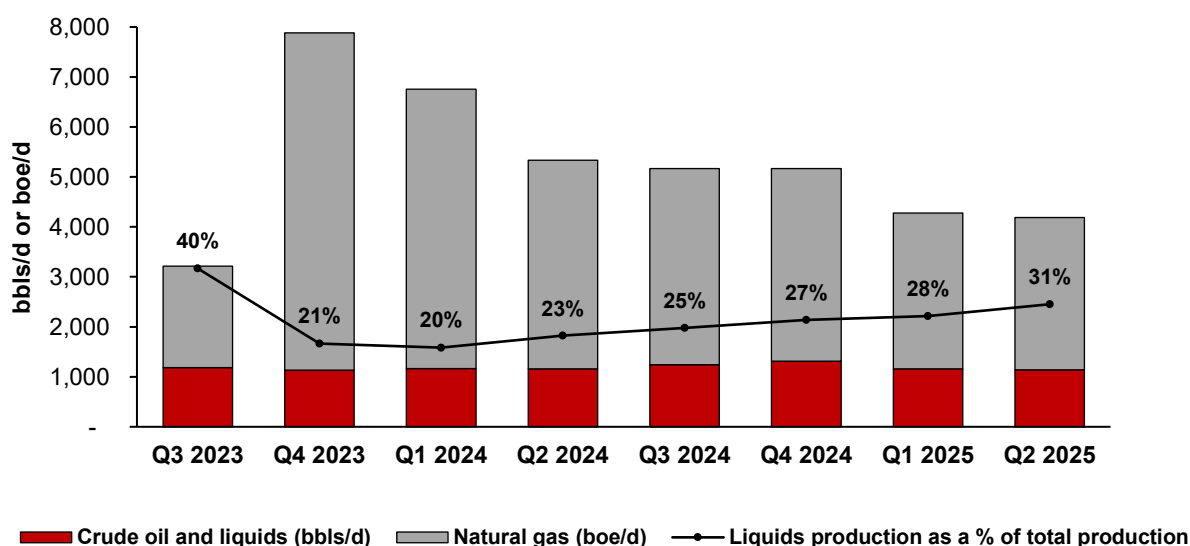
Financial and Operational Results

Production volumes

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Production						
Crude oil (bbls)	103,909	105,390	(1)	208,496	211,524	(1)
NGLs (bbls)	19,095	9,207	100	22,561	33,018	(32)
Crude oil and liquids (bbls)	123,004	114,597	7	231,057	244,542	(6)
Natural gas (Mcf)	1,663,683	2,278,297	(27)	3,346,480	5,328,709	(37)
Total production (boe)	400,284	494,313	(19)	788,804	1,132,660	(30)
Average daily production						
Crude oil (bbls/d)	1,142	1,158	(1)	1,152	1,162	(1)
NGLs (bbls/d)	210	101	100	125	181	(31)
Crude oil and liquids (bbls/d)	1,352	1,259	7	1,277	1,343	(5)
Natural gas (Mcf/d)	18,282	25,036	(27)	18,489	29,279	(37)
Average daily production (boe/d)	4,399	5,432	(19)	4,359	6,223	(30)
Production mix						
Crude oil and liquids (%)	31	23		29	22	
Natural gas (%)	69	77		71	78	

Total and daily average production volumes for the second quarter and year-to-date 2025 declined by 19 percent and 30 percent, respectively, compared to the same periods in 2024. The decreases primarily reflected natural production declines from the Cascadura-1ST1 and Cascadura Deep-1 wells, which commenced production in September 2023. These declines were partially offset by incremental production from the Cascadura-2ST1 and Cascadura-3ST1 wells, which began producing in November 2024, as well as new production volumes from the Central block. Production from the Central block averaged approximately 1,910 boe/d over the May 16, 2025 to June 30, 2025 period, contributing 965 boe/d and 486 boe/d to second quarter and year-to-date 2025 production volumes, respectively.

Average Daily Production



Crude oil and liquids production

The following table summarizes crude oil production volumes by property for the three and six months ended June 30, 2025 and 2024.

Property (bbls)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
CO-1	38,132	32,578	17	74,498	61,471	21
WD-4	39,456	41,057	(4)	75,791	82,640	(8)
WD-8	10,691	19,356	(45)	24,420	41,195	(41)
Balata East	7,626	150	100	15,436	150	100
Cascadura	1,367	-	n/a	4,448	42	100
Other minor fields	6,637	12,249	(46)	13,903	26,026	(47)
Crude oil production	103,909	105,390	(1)	208,496	211,524	(1)

Crude oil production for the second quarter and year-to-date periods of 2025 was 1 percent lower compared to the same periods in 2024. Increased production from the CO-1 property - driven by the addition of the CO-374 and CO-375 wells, which commenced production in May 2024 - helped offset natural declines from the WD-4 and WD-8 properties. Volumes from the Balata East field, acquired in June 2024, were slightly higher than production from divested assets in 2024. Additionally, the Cascadura-3ST1 well, which came online in November 2024, contributed field-estimated average production of approximately 14 bbls/d and 24 bbls/d in the second quarter and year-to-date 2025 periods, respectively.

The following table summarizes NGL production volumes by property for the three and six months ended June 30, 2025 and 2024.

Property (bbls)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Cascadura	2,302	9,207	(75)	5,768	33,018	(83)
Central	16,793	-	n/a	16,793	-	n/a
NGL production	19,095	9,207	100	22,561	33,018	(32)

NGL production averaged 210 bbls/d in the second quarter of 2025, more than double the 101 bbls/d reported in the same quarter of 2024. The increase was primarily attributable to condensate and other NGL production from the Central block, which contributed approximately 184 bbls/d during the quarter, fully offsetting natural declines in liquids production from the Cascadura-1ST1 and Cascadura Deep-1 wells. On a year-to-date basis, NGL production decreased by 32 percent compared to the same period in 2024, primarily due to natural declines from the Cascadura-1ST1 and Cascadura Deep-1 wells. This was partially offset by incremental average production volumes of approximately 93 bbls/d from the Central field.

Natural gas production

The following table summarizes natural gas production volumes by property for the three and six months ended June 30, 2025 and 2024.

Property (Mcf)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Cascadura	1,094,127	2,054,186	(47)	2,620,900	4,853,327	(46)
Central	426,389	-	n/a	426,389	-	n/a
Coho	143,167	224,111	(36)	299,191	475,382	(37)
Natural gas production	1,663,683	2,278,297	(27)	3,346,480	5,328,709	(37)

Natural gas production averaged 18.3 MMcf/d (3,047 boe/d) during the second quarter of 2025, representing a 27 percent decrease from 25.0 MMcf/d (4,173 boe/d) in the second quarter of 2024. Year-to-date 2025 production averaged 18.5 MMcf/d (3,082 boe/d), a 37 percent decrease from 29.3 MMcf/d (4,880 boe/d) in the first half of 2024.

These declines were primarily due to natural production declines from the Cascadura-1ST1, Cascadura Deep-1, and Coho-1 wells, all of which commenced production prior to 2024. The declines reflect the expected performance profile of these wells as they mature.

Production declines were partially offset by incremental volumes from the Cascadura-2ST1 well, which came onstream in November 2024 and contributed approximately 3.1 MMcf/d (517 boe/d) during the second quarter and 4.5 MMcf/d (745 boe/d) on a year-to-date basis. Additional offsetting volumes came from the Central block Acquisition, which closed on May 16, 2025, and contributed approximately 4.7 MMcf/d (781 boe/d) and 2.4 MMcf/d (393 boe/d) during the three and six months ended June 30, 2025, respectively.

Commodity prices

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Avg. benchmark prices⁽¹⁾						
Dated Brent (\$/bbl)	68.07	84.68	(20)	72.03	83.79	(14)
WTI (\$/bbl)	63.74	80.57	(21)	67.58	78.77	(14)
Average realized prices⁽²⁾						
Crude oil (\$/bbl)	58.52	73.62	(21)	61.20	71.78	(15)
NGLs (\$/bbl)	35.40	73.86	(52)	39.80	70.78	(44)
Crude oil and liquids (\$/bbl)	54.93	73.64	(25)	59.11	71.64	(17)
Natural gas (\$/Mcf)	2.55	2.48	3	2.53	2.47	2
Realized commodity price⁽²⁾ (\$/boe)	27.50	28.50	(4)	28.04	27.08	4

Notes:

(1) Average of the daily closing prices for a given product over the specified period. Sources: US Energy Information Administration and GLJ Ltd.

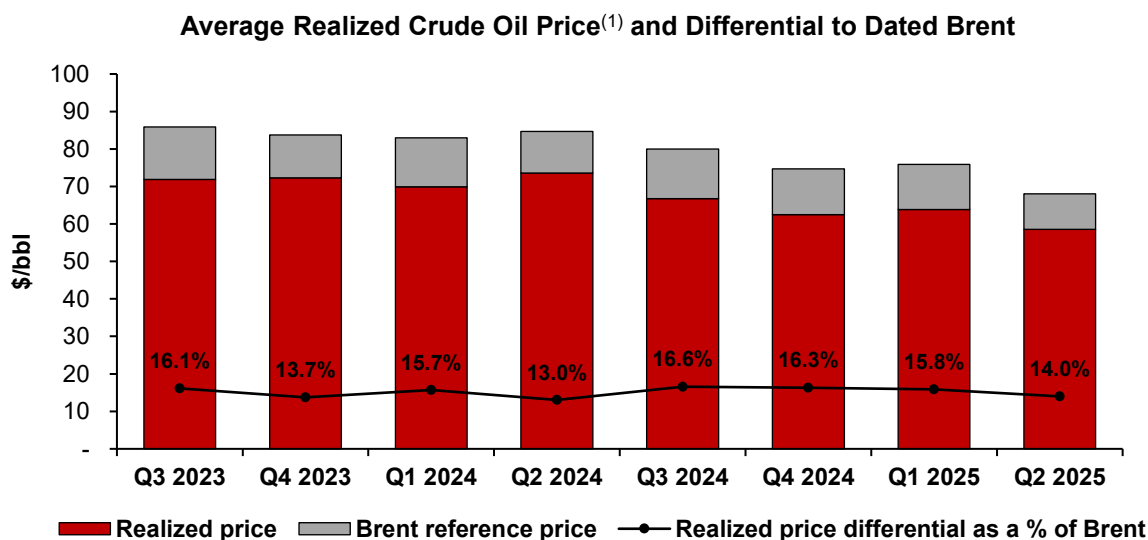
(2) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

Crude oil and liquids realized prices

Touchstone's realized prices for crude oil and liquids are influenced by product quality differentials and international marketing arrangements, which are largely beyond the Company's control. All crude oil and liquids produced in Trinidad are exported for refining. In the Central block, monthly NGL volumes separated at the natural gas processing facility are sold to Heritage at prices referenced to the WTI benchmark. Additional NGL volumes separated at the Atlantic LNG facility are sold based on Propane Plus pricing, a composite benchmark reflecting propane and heavier NGL components. In all other production areas, crude oil and liquids are sold to Heritage at prices linked to the Dated Brent benchmark.

The Dated Brent benchmark price averaged \$68.07 per barrel in the second quarter of 2025, representing a 10 percent decrease from the previous quarter and a 20 percent decrease relative to the second quarter of 2024. On a year-to-date basis, the Dated Brent benchmark averaged \$72.03 per barrel, down 14 percent from the same period in 2024. These declines primarily reflected softer global demand and the gradual easing of OPEC+ production cuts.

Touchstone's average realized crude oil prices for the three and six months ended June 30, 2025 were \$58.52 per barrel and \$61.20 per barrel, respectively. The decreases compared to the prior year periods were consistent with movements in Brent reference pricing.



Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

NGL pricing declined by 52 percent in the second quarter and 44 percent on a year-to-date basis relative to the same periods in 2024. The decrease primarily reflected the contribution of Central block volumes priced on WTI and Propane Plus benchmarks. By contrast, Cascadura NGL production remains tied to Brent-based pricing.

Natural gas realized prices

Natural gas production from the Ortoire block is sold under a fixed-price contract with the Natural Gas Company of Trinidad and Tobago Limited ("NGC"), with the current contract price set at \$2.28 per MMBtu. The contract includes a 2 percent annual inflation adjustment.

Natural gas production from the Central block is marketed either domestically through NGC or internationally to Atlantic LNG, depending on Atlantic LNG availability. Atlantic LNG pricing is linked to a basket of global energy benchmarks, including Dated Brent crude oil, Henry Hub, the Japan Korea Marker (JKM), and the National Balancing Point (NBP). These benchmarks reflect prevailing international market conditions, resulting in variable pricing. For the three months ended June 30, 2025, all Central block natural gas production was delivered to Atlantic LNG.

Natural gas sales to Atlantic LNG are recognized when legal title transfers at the inlet of the processing facility. At delivery, revenue is estimated based on the applicable marketing arrangement, net of NGLs and allocated plant gas. Revenue is adjusted when the LNG is lifted and final pricing is confirmed. Sales to Atlantic LNG are recorded net of processing and marketing charges, including transportation, liquefaction, and related fees.

Touchstone realized an average natural gas price of \$2.55 per Mcf in the second quarter of 2025, up from \$2.48 per Mcf in the same period of 2024. The increase was primarily driven by the contribution of Central block volumes, which averaged \$2.72 per Mcf during the quarter.

On a year-to-date basis, our average realized natural gas price was \$2.53 per Mcf, an increase of \$0.06 per Mcf from the comparative period in 2024. This reflected both higher-priced volumes from the Central block and the contractual inflation adjustment in the Ortoire gas marketing agreement.

Petroleum and natural gas sales

(\$000's unless otherwise stated)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Crude oil	6,081	7,759	(22)	12,760	15,183	(16)
NGLs	676	680	(1)	898	2,337	(62)
Natural gas	4,250	5,651	(25)	8,462	13,154	(36)
Petroleum and natural gas sales	11,007	14,090	(22)	22,120	30,674	(28)
Sales mix						
Crude oil and liquids (%)	61	60		62	57	
Natural gas (%)	39	40		38	43	

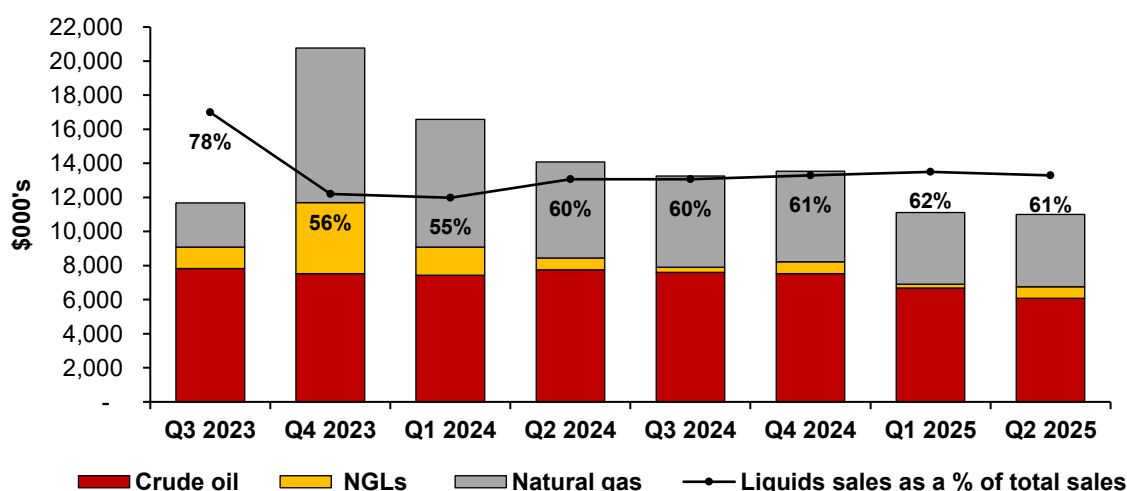
Petroleum and natural gas sales totalled \$11,007,000 in the second quarter of 2025, representing a 22 percent decrease from \$14,090,000 in the same period of 2024. The decline was primarily attributable to lower realized crude oil prices and reduced natural gas volumes.

- Crude oil sales decreased by \$1,678,000, with \$1,569,000 of the reduction due to lower realized pricing and \$109,000 attributable to lower sales volumes.
- NGL sales totalled \$676,000, a slight decrease of \$4,000 from the second quarter of 2024. A \$734,000 reduction from lower realized pricing was largely offset by a \$730,000 increase resulting from higher production volumes.
- Natural gas sales declined by \$1,401,000, reflecting a \$1,517,000 decrease due to lower sales volumes, partially offset by a \$116,000 increase from improved realized pricing.

For the six months ended June 30, 2025, petroleum and natural gas sales totalled \$22,120,000, a 28 percent decrease from \$30,674,000 in the corresponding period of 2024. The year-over-year decline was primarily due to lower natural gas volumes and decreased crude oil and liquids realized prices.

- Crude oil sales declined by \$2,423,000, with \$2,206,000 related to lower realized pricing and \$217,000 due to reduced sales volumes.
- NGL sales decreased by \$1,439,000, reflecting a \$699,000 decline from lower realized prices and a \$740,000 reduction due to lower production volumes.
- Natural gas sales fell by \$4,692,000, primarily due to a \$4,893,000 reduction from lower sales volumes, partially offset by a \$201,000 increase from higher realized pricing.

Petroleum and Natural Gas Sales



Crude oil and liquids inventory

Crude oil is produced at individual well sites and transported by truck to designated sales facilities connected to Heritage pipelines. At the Cascadura facility, separated NGLs are stored on site and subsequently trucked to the Balata East sales facility. The Central block facility separates NGLs from produced natural gas and is directly tied into a Heritage-operated sales pipeline. Additional NGLs are separated from natural gas volumes shipped to the Atlantic LNG facility via the cross-island pipeline.

The following table summarizes crude oil and liquids inventory movements for the periods indicated:

(bbls)	Three months ended June 30,	Six months ended June 30,
Opening inventory	4,458	3,838
Add: inventory acquired from Acquisition	1,487	1,487
Add: production	122,526	231,199
Available for sale	128,471	236,524
Less: sales	(123,004)	(231,057)
Ending inventory	5,467	5,467

Natural gas underlift and overlift

Natural gas volumes processed through the Cascadura facility are sold into a connected NGC sales pipeline.

The Company's share of LNG liftings, subsequent to the custody transfer point, may differ from actual net natural gas delivered, resulting in an overlift or underlift position. The allocation of LNG liftings is determined by the plant operator and is outside the Company's control. During the period from May 16 to June 30, 2025, four LNG liftings were completed, resulting in the overlift position outlined below.

(MMBtu)	
Overlift position acquired as at May 16, 2025	(140,276)
Add: natural gas production	529,035
Less: fuel used at Atlantic LNG facility	(61,546)
Available for sale	327,213
Less: volumes allocated to NGLs	(51,383)
Less: natural gas liftings	(358,673)
Overlift position as at June 30, 2025	(82,843)

Royalty expense

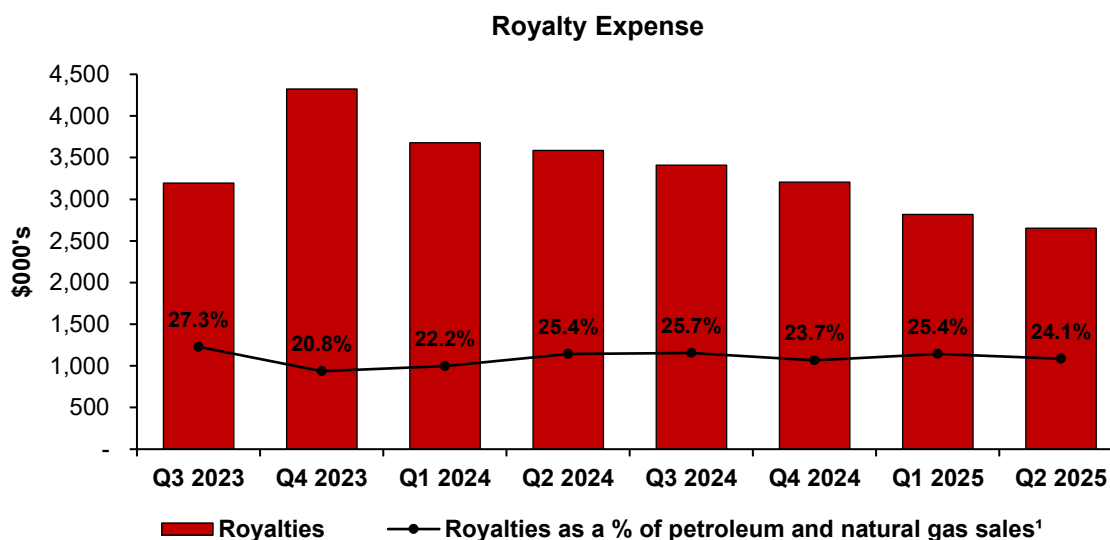
(\$000's unless otherwise stated)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
State royalties	1,335	1,750	(24)	2,704	3,816	(29)
Overriding royalties	1,280	1,784	(28)	2,687	3,333	(19)
Private royalties	38	51	(25)	80	113	(29)
Royalty expense	2,653	3,585	(26)	5,471	7,262	(25)
\$ per boe ⁽¹⁾	6.63	7.25	(9)	6.94	6.41	8
As a % of petroleum and natural gas sales ⁽¹⁾	24.1	25.4	(5)	24.7	23.7	4

Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

For the three and six months ended June 30, 2025, total royalty expenses decreased by 26 percent and 25 percent, respectively, compared to the same periods in 2024. The decrease was primarily attributable to

lower petroleum and natural gas sales, which reflected reduced production volumes and lower realized prices.



Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

Operating expense

(\$'000's except per boe amounts)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Operating expense	3,314	2,378	39	5,458	4,822	13
\$ per boe ⁽¹⁾	8.28	4.81	72	6.92	4.26	62

Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

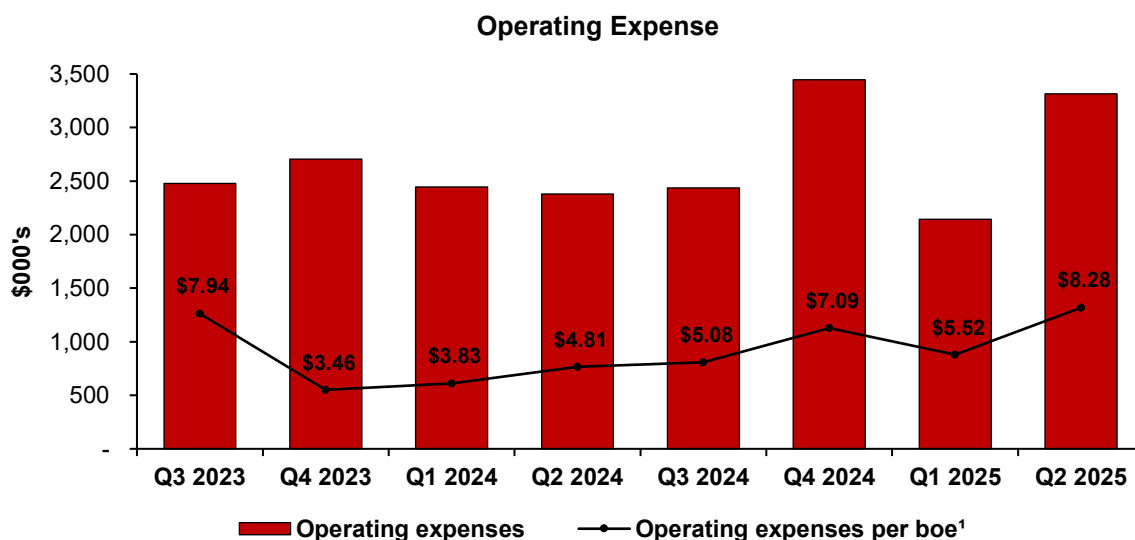
Operating expenses include periodic lease, field-level, and transportation costs, as well as directly attributable employee salaries and benefits. Estimates by product type are based on internal allocations prepared by Management and require the use of assumptions and judgment.

Operating expenses for the three months ended June 30, 2025, totaled \$3,314,000, an increase of \$936,000 or 39 percent compared to the same period in 2024. The increase was primarily attributable to \$647,000 of incremental expenses associated with the Central block field. Estimated crude oil and liquids operating expenses were approximately \$2,135,000 in the quarter, an increase of \$275,000 from the prior year comparative period. The increase was primarily due to a workover at the Cascadura-3ST1 well and higher field maintenance activity. Estimated Ortoire natural gas operating expenses increased marginally by \$14,000 to approximately \$532,000 in the second quarter of 2025.

For the six months ended June 30, 2025, operating expenses increased by \$636,000 or 13 percent compared to the first half of 2024. The increase was predominantly related to incremental costs related to Central block production following the Acquisition.

On a per boe basis, operating expenses increased by 72 percent to \$8.28 in the second quarter of 2025, compared to \$4.81 in the same period of 2024. Estimated crude oil and liquids operating costs increased slightly to approximately \$17.36 per barrel from \$16.23 per barrel in the comparative period, primarily due to higher field maintenance activity. Estimated Ortoire natural gas operating expenses rose by \$1.22 per boe to \$2.58 per boe, largely reflecting reduced production volumes. Central block natural gas operating expenses averaged \$9.10 per boe in the second quarter of 2025.

For the six months ended June 30, 2025, operating expenses averaged \$6.92 per boe, representing a 62 percent increase from \$4.26 per boe in the prior year comparative period. Estimated crude oil and liquids operating expenses increased slightly to \$16.00 per barrel from \$15.52, as lower production volumes led to higher per-unit costs due to the fixed nature of certain expenses. Estimated Ortoire natural gas operating expenses increased by \$1.13 per boe to \$2.29 per boe, primarily as a result of a 45 percent decline in production volumes. As a substantial portion of these expenses are fixed, the decrease in volumes resulted in higher unit costs. Central block natural gas operating expenses averaged \$9.10 per boe over the six-month period, contributing to the overall increase in the Company's year-to-date 2025 per unit operating costs.



Note:

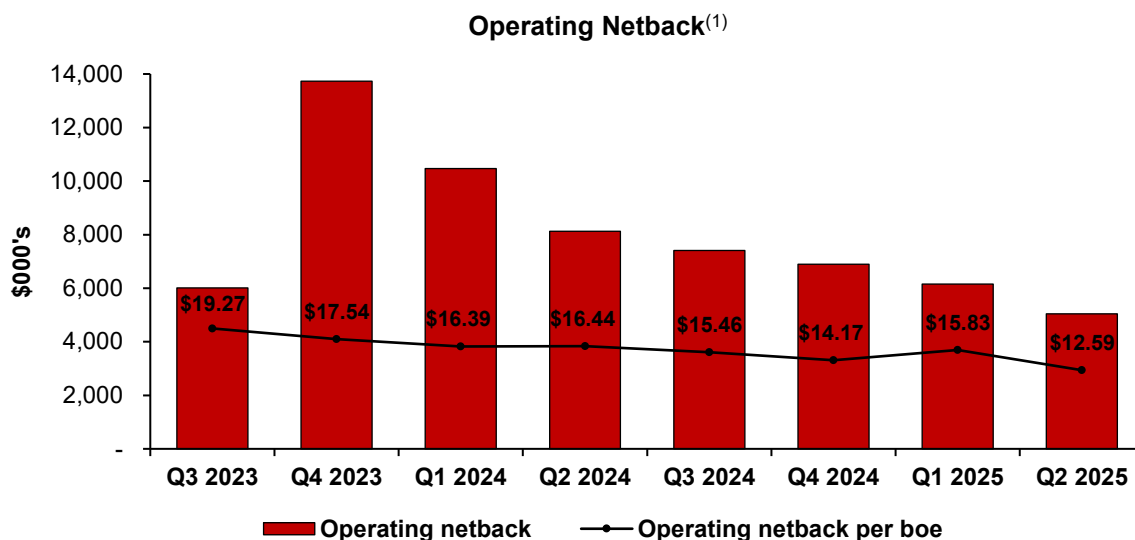
(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

Operating netback

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
(\$000's)						
Petroleum and natural gas sales	11,007	14,090	(22)	22,120	30,674	(28)
Royalty expense	(2,653)	(3,585)	(26)	(5,471)	(7,262)	(25)
Operating expense	(3,314)	(2,378)	39	(5,458)	(4,822)	13
Operating netback⁽¹⁾	5,040	8,127	(38)	11,191	18,590	(40)
(\$/boe)						
Realized commodity price ⁽¹⁾	27.50	28.50	(4)	28.04	27.08	4
Royalty expense ⁽¹⁾	(6.63)	(7.25)	(9)	(6.94)	(6.41)	8
Operating expense ⁽¹⁾	(8.28)	(4.81)	72	(6.92)	(4.26)	62
Operating netback⁽¹⁾	12.59	16.44	(23)	14.18	16.41	(14)

Note:

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



Note:

(1) Specified financial measure. Refer to 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 June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Gross G&A expense	2,452	2,694	(9)	5,039	5,128	(2)
Capitalized G&A expense	(92)	(86)	7	(189)	(154)	23
G&A expense	2,360	2,608	(10)	4,850	4,974	(2)
\$ per boe ⁽¹⁾	5.90	5.28	12	6.15	4.39	40

Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

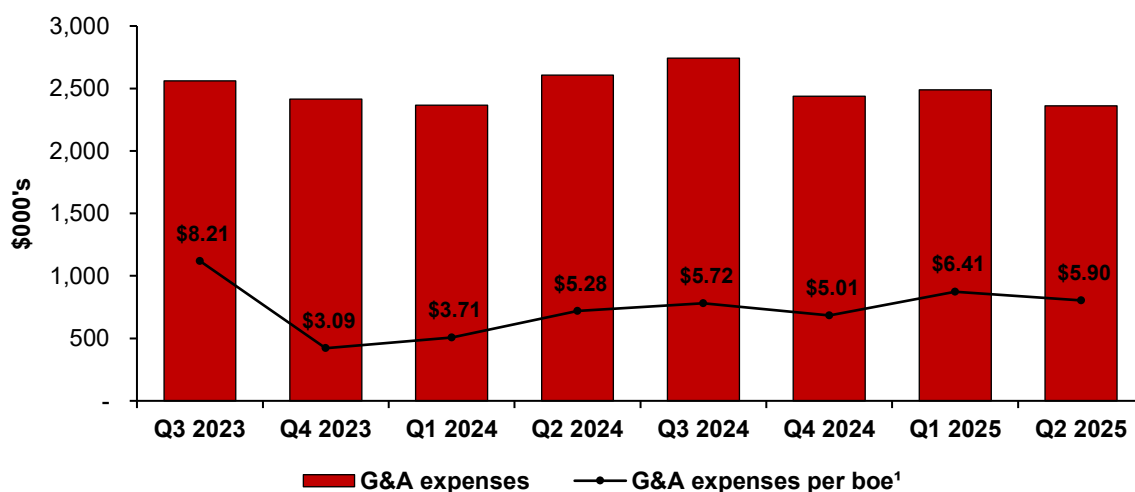
Gross G&A expenses for the three months ended June 30, 2025 were \$2,452,000, representing a \$242,000 or 9 percent decrease compared to \$2,694,000 in the same period of 2024. The reduction was primarily due to a favourable insurance adjustment recorded in the quarter related to 2024 premiums.

For the six months ended June 30, 2025, gross G&A expenses totaled \$5,039,000, a 2 percent decrease from \$5,128,000 in the prior year comparative period. The second quarter insurance adjustment was partially offset by higher information technology spending incurred to support cyber security initiatives.

Capitalized G&A expenses increased during the three and six months ended June 30, 2025, compared to the same periods in 2024, reflecting higher employee time allocated to capital activities.

On a per boe basis, G&A expenses increased by 12 percent in the second quarter and 40 percent year-to-date 2025 compared to the prior year comparative periods, as decreased G&A spending was more than offset by decreased production volumes in each period.

General and Administration Expense



Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

Net finance expense

(\$000's except per boe amounts)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Interest income	(30)	(8)	100	(50)	(13)	100
Finance lease interest income	(6)	(7)	(14)	(12)	(15)	(20)
Lease liability interest	127	86	48	267	186	44
Bank debt interest	924	610	51	1,581	1,145	38
Accretion on bank debt	360	12	100	375	14	100
Accretion on decommissioning liabilities	86	55	56	151	109	39
Other	52	13	100	20	14	43
Net finance expense	1,513	761	99	2,332	1,440	62
Cash net finance expense ⁽¹⁾	1,032	693	49	1,803	1,315	37
Non-cash net finance expense ⁽¹⁾	481	68	100	529	125	100
Net finance expense	1,513	761	99	2,332	1,440	62
\$ per boe⁽¹⁾	3.78	1.54	100	2.96	1.27	100

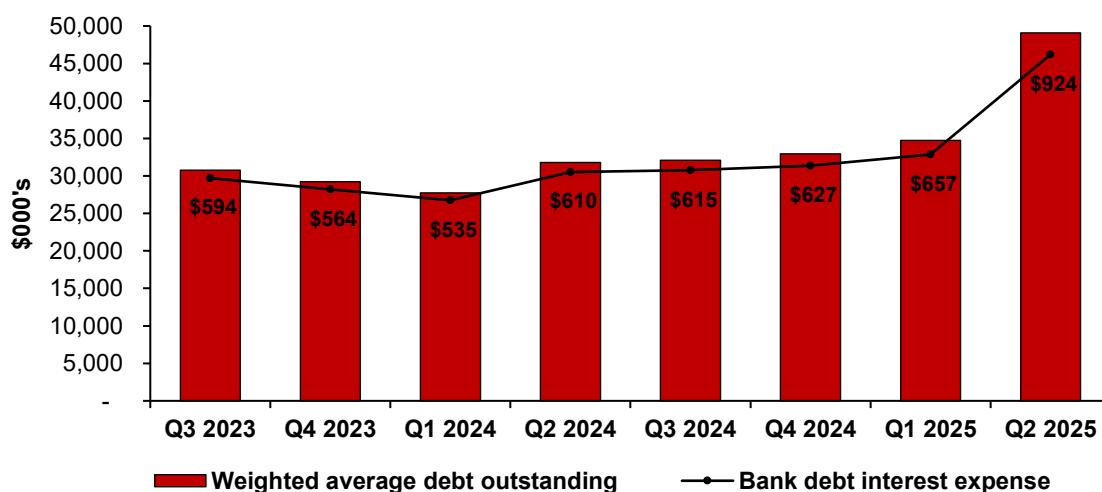
Note:

(1) Specified financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

Net finance expenses totaled \$1,513,000 for the three months ended June 30, 2025, compared to \$761,000 in the same period of 2024. Cash finance expenses increased by \$339,000 or 49 percent, primarily due to higher bank debt interest, which reflected an increase in the weighted average balance of bank debt. Non-cash finance expenses increased to \$481,000 in the second quarter of 2025, up from \$68,000 in the comparative period. The increase was largely attributable to a \$348,000 rise in accretion on bank debt, related to the Company's new term loan facility used to finance the Acquisition. Additional details are provided in the "Liquidity and Capital Resources - Bank Debt" section of this MD&A.

For the six months ended June 30, 2025, net finance expenses were \$2,332,000, up 62 percent from \$1,440,000 in the same period of 2024. Cash finance expenses increased by \$488,000 or 37 percent, primarily driven by higher bank debt interest and increased lease liability interest. Non-cash finance expenses rose by \$404,000, reflecting accretion on both bank debt and decommissioning obligations.

Bank Debt and Interest Expense



Transaction expense

In connection with a prior year terminated acquisition, we incurred \$840,000 and \$1,220,000 in transaction expenses during the three and six months ended June 30, 2024, respectively. We recognized \$166,000 and \$302,000 in transaction costs pursuant to the Acquisition during the three and six months ended June 30, 2025, respectively.

Exploration expense

Touchstone incurred \$13,000 and \$24,000 in exploration expenses during the three and six months ended June 30, 2025, respectively (2024 - \$76,000 and \$170,000). 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 summarized in the following table.

Applicable FX rates	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
US\$:C\$ average FX rate ⁽¹⁾	1.384	1.369	1	1.410	1.359	4
US\$:TT\$ average FX rate ⁽²⁾	6.749	6.748	-	6.751	6.749	-
	June 30, 2025	March 31, 2025	% change	June 30, 2025	December 31, 2024	% change
US\$:C\$ closing FX rate ⁽¹⁾	1.361	1.439	(5)	1.361	1.440	(5)
US\$:TT\$ closing FX rate ⁽²⁾	6.736	6.735	-	6.736	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 and six months ended June 30, 2025, the C\$ depreciated 1 percent and 4 percent against the US\$, respectively, in comparison to the corresponding average exchange rates observed in the 2024 equivalent periods. Relative to the US\$, the TT\$ remained within a stable range during the three and six months ended June 30, 2025 and 2024. We recorded foreign exchange gains of \$113,000 and \$164,000 during the three and six months ended June 30, 2025, respectively (2024 - gains of \$122,000 and \$69,000). Foreign exchange gains and losses include amounts that are unrealized in nature and may be reversed in the future as a result of fluctuations in prevailing exchange rates.

The assets and liabilities of our parent company and subsidiaries are translated 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.

Relative to the US\$, on June 30, 2025 the C\$ closed 5 percent stronger versus March 31, 2025 and December 31, 2024. As of June 30, 2025, the TT\$ remained stable relative to the US\$ over the corresponding periods. We recognized foreign currency translation gains of \$239,000 and \$385,000 during the three and six months ended June 30, 2025, respectively (2024 - gain of \$142,000 and a loss of \$155,000).

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 16 "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 June 30, 2025, Touchstone had 8,930,333 stock options outstanding under both plans (December 31, 2024 - 11,731,000). During the six months ended June 30, 2025, 748,667 stock options were forfeited and 2,052,000 stock options expired out of the money.

Long-term incentive plans

Share awards in the form of RSUs and PSUs are awarded to executive officers and key employees under the Company's Omnibus Plan. Unless otherwise determined by the Board, RSUs vest one third on each of the next three anniversaries of the grant date and the number of share awards are fixed. The PSUs cliff vest on the third anniversary of the grant date, 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. As of June 30, 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 Company offers a deferred share unit plan to non-employee directors. As of June 30, 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 summarizes share-based compensation expense recognized in the periods indicated.

(\$000's)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Share-settled (stock options)	14	323	(96)	149	736	(80)
Cash-settled (share awards)	(92)	-	n/a	(50)	-	n/a
Capitalized expense	(5)	(14)	(64)	(18)	(26)	(31)
Share-based compensation expense	(83)	309	n/a	81	710	(89)

Share-based compensation expense was in a net credit position of \$83,000 in the second quarter of 2025, compared to an expense of \$309,000 in the prior year comparative quarter. On a year-to-date basis, total share-based compensation expense decreased by 89 percent to \$81,000.

Share-settled expense (stock options) declined significantly in both periods, primarily due to the forfeiture of unvested options resulting from employee departures, as well as the absence of new stock option grants in both 2024 and 2025.

Cash-settled share-based compensation includes expenses associated with the Company's long-term incentive plans, comprising RSUs, PSUs (which may be settled in cash or equity), and cash-settled DSUs. During the three and six months ended June 30, 2025, the Company recognized additional expenses of \$98,000 and \$192,000, respectively, related to the vesting of RSUs and PSUs. These were more than offset by reductions in the underlying liability of \$192,000 and \$243,000, respectively, due to a decline in the Company's share price as at June 30, 2025, compared to March 31, 2025 and December 31, 2024.

As of June 30, 2025, the Company recognized a \$480,000 share-based compensation liability, of which \$318,000 was classified as current and included in accounts payable and accrued liabilities on the consolidated balance sheet (December 31, 2024 - \$500,000 and \$383,000, respectively).

Depletion and depreciation expense

(\$000's except per boe amounts)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Depletion expense	2,416	1,558	55	4,609	3,271	41
Depreciation expense	234	224	4	467	763	(39)
Depletion and depreciation expense	2,650	1,782	49	5,076	4,034	26
Depletion expense per boe ⁽¹⁾	6.04	3.15	92	5.84	2.89	100

Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

For the three and six months ended June 30, 2025, depletion expense related to petroleum and natural gas development assets included within property, plant and equipment ("PP&E") increased by 55 percent and 41 percent, respectively, compared to the same periods in 2024. The increases were primarily attributable to approximately \$535,000 of additional depletion related to the Central field acquired in May 2025. Current year depletion also reflected the impact of lower reserve volumes and higher estimated future development

costs assigned to the Cascadura field as at December 31, 2024. These factors were partially offset by lower production volumes at Cascadura during the 2025 periods.

On a per boe basis, depletion expense increased by 92 percent and 102 percent for the three and six-month periods ended June 30, 2025, respectively, compared to the same periods in the prior year. These increases were primarily driven by year-over-year production declines of 19 percent and 30 percent, respectively, in addition to the factors noted above.

Depreciation expense for the three months ended June 30, 2025 remained consistent with the comparable 2024 period. On a year-to-date basis, depreciation decreased by \$296,000 or 39 percent, reflecting the absence of \$377,000 in prior year charges related to drilling rig mobilization, which were fully depreciated by the end of 2024. The decrease was partially offset by higher depreciation associated with 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 and six months ended June 30, 2025. In the comparative periods of 2024, the Company recorded an impairment reversal of \$22,000 and an impairment expense of \$28,000, respectively, relating to the Royston area of the Ortoire block.

PP&E impairment

As at June 30, 2025, the Company assessed its petroleum and natural gas development assets included in PP&E for indicators of impairment or reversal of impairment. Based on this assessment, Management concluded that it was not necessary to estimate the recoverable amount for any of its cash-generating units.

On March 31, 2024, Touchstone performed an impairment test on our CO-2 property prior to classifying the assets and related liabilities to held for sale. The impairment test resulted in a pre-tax impairment expense of \$474,000 recorded during the six months ended June 30, 2024.

Income taxes

Current income tax

(\$000's except per boe amounts)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Petroleum profits tax	40	(200)	n/a	40	199	(80)
Unemployment levy	16	(81)	n/a	16	77	(79)
Other taxes	114	356	(68)	281	643	(56)
Current income tax expense	170	75	100	337	919	(63)
\$ per boe⁽¹⁾	0.42	0.15	100	0.43	0.81	(47)

Note:

(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP Financial Measures" section of this MD&A.

For the three and six months ended June 30, 2025, the Company recognized current income tax expenses of \$170,000 and \$337,000, respectively, compared to \$75,000 and \$919,000 for the same periods in 2024. The increase in current income tax expense in the second quarter of 2025 relative to the prior year period was primarily due to higher net taxable profits generated in Trinidad, partially offset by a reduction in withholding taxes on intercompany transactions. On a year-to-date basis, the decrease in current income tax expense compared to the first half of 2024 was mainly attributable to lower net taxable profits in Trinidad and reduced withholding taxes.

Deferred income tax

For the three months ended June 30, 2025, we recognized a deferred income tax recovery of \$904,000, compared to a deferred income tax expense of \$50,000 for the same period in 2024. The recovery in the current quarter was primarily driven by an increase in the variance between the carrying amounts and the income tax basis of PP&E assets between March 31, 2025, and June 30, 2025.

On a year-to-date basis, we recognized a deferred income tax recovery of \$943,000, compared to a recovery of \$690,000 in the prior year period. The year-to-date recovery reflected a decrease in the variance between the carrying amounts and income tax basis of PP&E from December 31, 2024, to June 30, 2025, as well as an increase in deductible interest reserves.

Net (loss) earnings

We recorded a net loss of \$710,000 (\$0.00 per share) in the second quarter of 2025 compared to net earnings of \$3,339,000 (\$0.01 per share) in the prior year equivalent quarter.

Net loss for the six months ended June 30, 2025 was \$669,000 (\$0.00 per share), representing a \$7,636,000 decrease from the \$6,967,000 of net earnings (\$0.03 per share) recognized in the corresponding 2024 period.

The following table sets forth details of the change in net earnings (loss) from the three and six months ended June 30, 2024 to the three and six months ended June 30, 2025.

(\$000's)	Three months ended June 30,	Six months ended June 30,
Net earnings – 2024	3,339	6,967
Cash items		
Funds flow from operations	(2,535)	(6,097)
Cash variances	(2,535)	(6,097)
Non-cash items		
Non-cash finance expense	(413)	(404)
Gain on asset disposition	(1,535)	(1,535)
Unrealized foreign exchange	(22)	58
Share-based compensation expense	392	629
Depletion and depreciation expense	(868)	(1,042)
Impairment	(22)	502
Deferred income tax	954	253
Non-cash variances	(1,514)	(1,539)
Net loss – 2025	(710)	(669)

Cash (used in) from operating activities

The following table details the change in cash from (used in) operating activities from the three and six months ended June 30, 2024 to the three and six months ended June 30, 2025.

(\$000's)	Three months ended June 30,	Six months ended June 30,
Cash from operating activities – 2024	3,383	8,752
Decrease in funds flow from operations	(2,535)	(6,097)
Net change in non-cash working capital	(1,082)	2,722
Cash (used in) from operating activities – 2025	(234)	5,377

Funds flow from operations

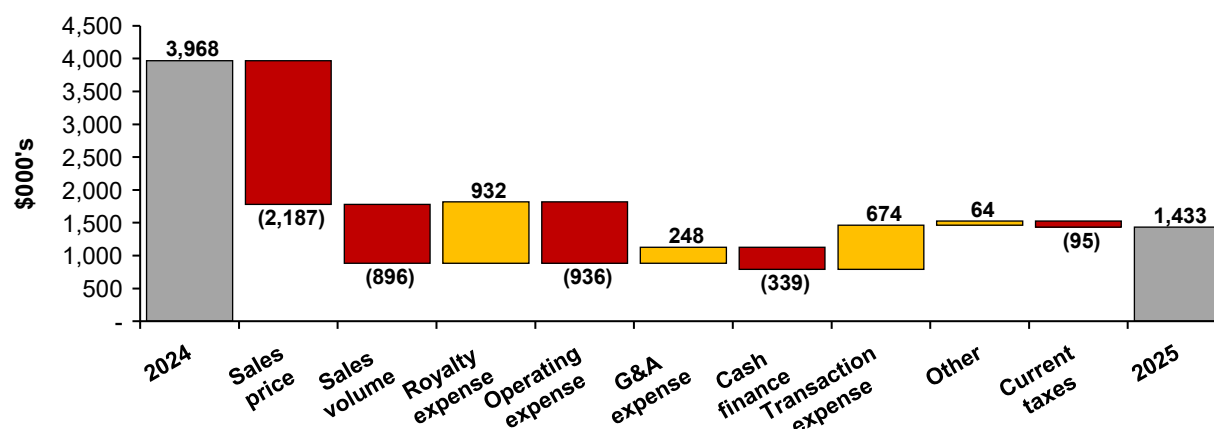
Funds flow from operations is included in the Company's consolidated statements of cash flows. Touchstone considers funds flow from operations to be a key measure of operating performance as it demonstrates the Company's ability to generate the funds necessary to finance capital expenditures and repay 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 \$1,433,000 in the second quarter of 2025, representing a decrease of \$2,535,000 from \$3,968,000 in the same period of 2024. The decrease was mainly due to lower operating netbacks driven by a 19 percent reduction in production volumes, partially mitigated by reduced transaction expenses.

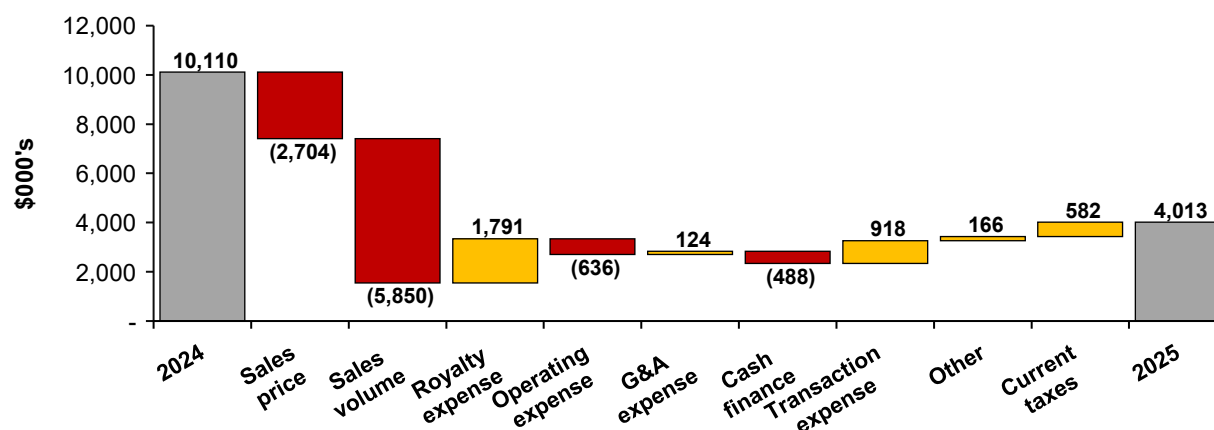
On a year-to-date basis, we recognized funds flow from operations of \$4,013,000 in 2025 compared to \$10,110,000 in the equivalent period of 2024. Relative to the corresponding 2024 period, current year operating netbacks decreased by \$7,399,000 reflecting a 30 percent decrease in production volumes which were slightly offset by reduced transaction and current income tax expenses.

The following graphs summarizes the changes in funds flow from operations from the three and six months ended June 30, 2024 to the three and six months ended June 30, 2025.

**Change in Funds Flow From Operations
Three Months Ended June 30**



**Change in Funds Flow From Operations
Six Months Ended June 30**



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, Ciperó, Ortoire and Río Claro blocks. E&E asset expenditures during the respective periods are summarized in the following table.

(\$000's)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Licence financial obligations	380	50	100	758	99	100
Geological and geophysical	15	-	n/a	60	-	n/a
Drilling, completions and well testing	-	10	(100)	-	69	(100)
E&E asset expenditures	395	60	100	818	168	100

During the three months and six months ended June 30, 2025, E&E asset expenditures were \$395,000 and \$818,000, respectively, primarily reflecting financial obligations associated with the Company's exploration licenses.

Second quarter and year-to-date 2024 E&E asset expenditures were \$60,000 and \$168,000, respectively, as we conducted minimal exploration activity.

PP&E expenditures

(\$000's)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% change	2025	2024	% change
Drilling and completions	4,155	1,797	100	10,264	10,963	(6)
Equipment and facilities	(2)	3,162	n/a	19	4,991	(99)
Capitalized G&A	92	86	7	189	154	23
Corporate and other	19	438	(96)	42	1,229	(97)
PP&E expenditures	4,264	5,483	(22)	10,514	17,337	(39)

2025 PP&E expenditures totaled \$4,264,000 for the second quarter and \$10,514,000 on a year-to-date basis, reflecting continued focus on development activities within the Cascadura field. Second quarter 2025 spending was primarily directed toward the Cascadura-5 development well, which was spudded in June and has since been cased for future production. First quarter 2025 expenditures were largely associated with the drilling and subsequent sidetrack of the Cascadura-4 development well, which commenced in January but experienced delays due to rig repairs and wellbore instability. Drilling operations on Cascadura-4ST2 are expected to resume in the third quarter of 2025.

Second quarter and year-to-date 2024 PP&E expenditures were \$5,483,000 and \$17,337,000, respectively, as Touchstone's capital program continued to remain focused predominately on development activities within the Cascadura field. Second quarter investments included the continued construction of the flowline from the Cascadura C surface location to the Cascadura natural gas processing facility, as well as drilling one CO-1 development well. The Company also performed one recompletion on the Cascadura Deep-1 well at the end of the quarter. In the first quarter of 2024, Touchstone drilled two Cascadura development wells and one CO-1 development well.

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

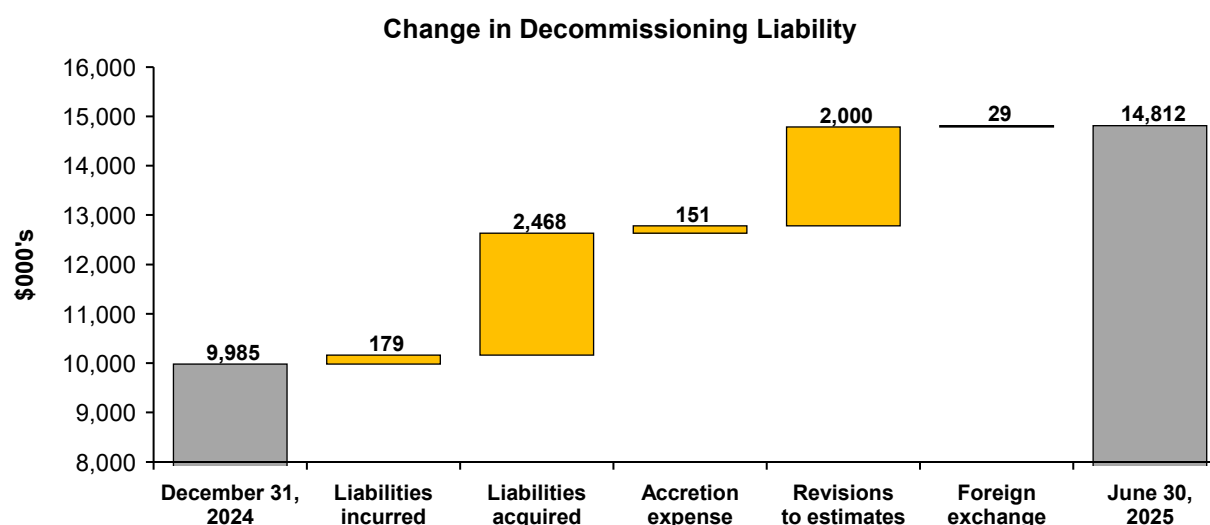
and facilities and reclaim a property, the time frame in which such costs will be incurred, historical well production and annual inflation factors.

Pursuant to production and exploration licences with the MEEI and operating agreements with Heritage, we are obligated to remit specified dollar amounts per boe sold into various escrow accounts. As of June 30, 2025, we reported \$9,319,000 of accrued or paid contributions into MEEI and Heritage abandonment funds as long-term abandonment fund assets (December 31, 2024 - \$2,965,000), which included \$6,009,000 in abandonment fund assets acquired from the Acquisition.

Touchstone estimated the net present value of the cash flows required to settle decommissioning liabilities to be \$14,812,000 at June 30, 2025 compared to \$9,985,000 as of December 31, 2024. The increase primarily reflected \$2,468,000 in decommissioning liabilities assumed through the Acquisition. Decommissioning liabilities as of June 30, 2025 were estimated using a weighted average long-term risk-free rate of 5.6 percent and a long-term inflation rate of 1.9 percent (December 31, 2024 - 5.5 percent and 1.9 percent, respectively). For the three and six months ended June 30, 2025, the Company recognized accretion expenses of \$86,000 and \$151,000, respectively, associated with the passage of time (2024 - \$55,000 and \$109,000 respectively).

Decommissioning liability details as at and during the six months ended June 30, 2025 are summarized in the table and graph below.

Number of well locations (net)	Number of facility locations (net)	Undiscounted balance (\$000's)	Inflation adjusted balance (\$000's)	Discounted balance (\$000's)
600.8	5.1	19,260	22,254	14,812



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 11 "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.

Our near-term development strategy is focused on increasing operating cash flows through continued development activities. We will continue to take a measured approach to future development and exploration capital expenditures to manage financial liquidity while proceeding with this plan.

As at June 30, 2025, we had a cash balance of \$6,340,000, a working capital deficit of \$11,816,000, and a principal long-term bank debt balance of \$52,071,000, with no remaining borrowing capacity under our revolving loan facility (refer to the "*Bank Debt*" section below). The continued working capital deficit as at June 30, 2025 was primarily driven by capital expenditures invested during the six months ended June 30, 2025. Following the cancellation of a previously proposed private placement, the Company completed the \$12.5 million Offering subsequent to June 30, 2025 (refer to the "*Private Placement*" and "*Convertible Debenture Offering*" sections of this MD&A). The net proceeds from the Offering are intended to finance the Company's 2025 Cascadura development drilling program and to settle outstanding accounts payable related to these prior capital activities.

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

(\$000's)	Three months ended June 30 2025,	Six months ended June 30, 2025
Net cash from (used in):		
Operating activities	(234)	5,377
Investing activities	(30,018)	(34,774)
Financing activities	30,953	29,074
Change in cash	701	(323)
Cash, beginning of period	5,718	6,744
Impact of FX on cash balances	(79)	(81)
Cash, end of period	6,340	6,340

Bank debt

On May 12, 2025, the Company entered into the Loan Agreement with its existing Trinidad-based lender, which includes the following key terms:

- a new \$30 million six-year non-revolving term loan facility ("Term Loan Facility 3"), 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 fully drew the \$30 million available under Term Loan Facility 3 on May 12, 2025 to finance the Acquisition and to satisfy obligations under the amended lending arrangements.

As at June 30, 2025, 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"), the \$30 million non-revolving Term Facility 3 and a \$10 million revolving loan facility pursuant to the Loan Agreement.

Details of the facilities pursuant to the Loan Agreement are summarized as follows.

Facility	Term Loan Facility 1	Term Loan Facility 2	Term Loan Facility 3	Revolving loan
Amount	\$30,000,000	\$10,000,000	\$30,000,000	\$10,000,000
Inception date	June 15, 2020	May 1, 2024	May 12, 2025	June 1, 2023
Maturity date	June 15, 2027	April 30, 2029	May 12, 2031	May 12, 2027 – the parties have the option to extend by additional two-year periods
Interest rate	7.85 percent per annum	6.08 percent through April 30, 2026 – reset annually	8.21 percent through May 11, 2026 – reset annually	6.09 percent through May 31, 2026 – reset annually
Interest payments	Payable quarterly in arrears	Payable monthly in arrears	Payable quarterly 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	Twenty-one \$1.43 million quarterly payments from May 12, 2026 to May 12, 2031; 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
June 30, 2025 principal balance	\$12,000,000	\$10,000,000	\$30,000,000	\$10,000,000
June 30, 2025 available credit capacity	\$nil	\$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 three Trinidad upstream oil and gas subsidiaries. The Loan Agreement includes customary representations and warranties, affirmative and negative covenants, events of default, and annual financial covenant requirements, all assessed on a consolidated basis and unchanged from December 31, 2024. 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 June 30, 2025, the Company was compliant with all covenants provided for in the Loan Agreement.

The Company 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. Touchstone is committed to having an adaptable capital expenditure program that can be adjusted to a tightening of liquidity sources if necessary.

Based on current forecasts, the Company forecasts a potential breach of the net senior funded debt to trailing annual EBIDA ratio as a result of the \$12.5 million Offering (refer to the the "Going Concern" section of this MD&A).

Under the terms of the Loan Agreement, Touchstone is required to raise not less than approximately \$7.3 million in equity proceeds on or before December 31, 2025, or such later date as may be agreed with the lender (refer to the "Convertible Debenture Offering" section of this MD&A).

At all times, the Company must maintain a cash reserves balance related to the three term loan facilities pursuant to the Loan Agreement. Accordingly, Touchstone classified \$2,758,000 of cash as non-current restricted on the consolidated balance sheet as of June 30, 2025 (December 31, 2024 - \$924,000).

Further information regarding bank debt is included in Note 10 "*Bank Debt*" of our interim financial statements, and copies of the Loan Agreement and amendments are available on the Company's profile on SEDAR+ (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, June 30, 2025 and December 31, 2024.

	August 13, 2025	June 30, 2025	December 31, 2024
Common shares outstanding	261,097,246	261,097,246	236,460,661
Stock options outstanding	8,565,333	8,930,333	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
	272,430,013	272,795,013	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.

For information regarding the Company's private placement that was partially completed in May 2025, please refer to the "*Private Placement*" section of this MD&A.

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 16 "*Share-Based Compensation Plans*" of our interim financial statements.

Capital management

Management's long-term strategy is to maintain a strong and flexible capital structure that supports operational and strategic objectives. In a normalized commodity price environment, our objective is to maintain a net debt to trailing twelve-month funds flow from operations ratio at or below 2.0 times. This ratio may temporarily exceed the target due to periods of elevated capital spending, acquisitions, or weaker commodity prices. We also monitor our capital structure using the net debt to managed capital ratio, with a strategy of maintaining a higher proportion of equity than debt. Accordingly, our target is to keep this ratio below 0.4 to 1.

The following table outlines Touchstone's internal capital management metrics as at the dates indicated.

(\$000's)	Target measure	June 30, 2025	December 31, 2024
Net debt ⁽¹⁾		63,887	29,109
Shareholders' equity		73,914	68,828
Managed capital ⁽¹⁾		137,801	97,937
Trailing twelve-month funds flow from operations ⁽²⁾		10,651	16,748
Net debt to funds flow from operations ratio⁽¹⁾	At or < 2.0 times	6.00	1.74
Net debt to managed capital ratio⁽¹⁾	< 0.4 times	0.46	0.30

Note:

- (1) Specified financial measure. Refer to the "*Advisories - Non-GAAP Financial Measures*" section of this MD&A.
- (2) Trailing twelve-month funds flow from operations as at June 30, 2025 includes the sum of funds flow from operations for the six months ended June 30, 2025 and funds flow from operations for the July 1, 2024 through December 31, 2024 interim period.

As discussed in the "Market Risk Management - Liquidity risk" section of this MD&A, the increase in working capital deficit and net debt as at June 30, 2025 was primarily due to capital investments made in the first half of the year and the debt financing associated with the Acquisition.

Following the completion of the Offering on August 13, 2025, the Company intends to use the net proceeds to fund the remaining 2025 Cascadura development drilling program and to settle accounts payable related to prior capital activity. Management anticipates that resulting cash flows from these development activities will reduce the net debt to funds flow from operations ratio as operations progress.

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 June 30, 2025.

(\$000's)	Total	Estimated payments due by year			
		2025	2026	2027	Thereafter
Operating agreement commitments					
CO-1 block	4,489	2,627	93	1,448	321
WD-4 block	4,293	2,626	56	1,410	201
WD-8 block	4,188	2,618	39	1,392	139
Balata East block	3,247	145	1,403	78	1,621
Fyzabad block	594	79	81	83	351
Coho area of Ortoire block	364	5	2	23	334
Cascadura area of Ortoire block	658	9	4	42	603
Central block	4,627	98	657	695	3,177
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	558	203	264	73	18
Minimum payments	84,260	10,172	14,325	17,174	42,589

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 June 30, 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 June 30, 2025, we recognized \$4,929,000 in aggregate lease liabilities, of which \$3,733,000 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 9 "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, 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

The Company's financial performance is significantly influenced by the prices received for our crude oil, NGL and natural gas production. Fluctuations in commodity prices can impact cash flows from operating activities, the valuation of development properties, the timing and scope of capital expenditures, and the Company's ability to meet its financial obligations.

Commodity prices are inherently volatile and are influenced by a variety of global and regional factors, including supply and demand dynamics, geopolitical events, inventory levels, weather patterns, and broader economic conditions. In addition, realized prices for crude oil, NGLs and natural gas are subject to quality differentials and international marketing arrangements, which are beyond the Company's control.

The Company does not currently utilize commodity price hedging strategies, as a significant portion of our forecasted natural gas production is subject to a long-term fixed-price contract. Specifically, natural gas produced from the Ortoire block is sold under a fixed-price contract that commenced in October 2022. The contract includes provisions for price renegotiation on each fifth anniversary of the initial production date. Domestic natural gas prices in Trinidad are primarily influenced by local supply and demand, with demand driven largely by the power generation and petrochemical sectors. There is no assurance that future price renegotiations will result in higher prices. A sustained decline in natural gas sales prices would adversely affect the Company's cash flows and financial condition.

The Company continues to actively monitor forward commodity prices and may enter into risk management contracts in the future to mitigate price volatility and protect the funding of capital and exploration programs. In parallel, Touchstone regularly reviews and adjusts its capital plans to reflect prevailing market conditions.

Foreign currency risk

The Company is exposed to foreign currency exchange risk arising from fluctuations in exchange rates that may impact the fair value or future cash flows of financial assets and liabilities. Touchstone does not currently engage in foreign exchange hedging.

As the Company's operations are conducted in Trinidad, fluctuations between the TT\$ and the US\$ may have a material impact on financial results. While crude oil sales are based on US\$ benchmark pricing, most sales invoices are settled in TT\$, creating exposure to exchange rate movements. To mitigate this risk, the Company seeks to match TT\$ revenues with TT\$-denominated expenditures whenever possible by entering into TT\$ contracts.

The Company is also exposed to foreign currency risk on its US\$-denominated debt and related interest payments. However, this exposure is partially mitigated by the informal peg between the TT\$ and the US\$, as well as the fact that all NGL and natural gas sales are denominated and payable in US\$.

Additional exposure arises from cash balances denominated in C\$ and £, head office costs incurred in C\$, and administrative expenses payable in £ related to maintaining the Company's AIM listing. Significant movements in the C\$ to US\$ and the £ to US\$ exchange rates could result in unanticipated fluctuations in reported 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 3 and its 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, Term Loan Facility 3 and revolving facility are 6.08 percent, 8.21 percent and 6.09 percent, respectively.

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 primarily relate to monthly commodity sales to Trinidad government-owned entities and a major independent oil and gas company, joint interest billings from State-owned Heritage, and value added tax ("VAT") receivables from the Government of the Republic of Trinidad and Tobago ("GOTT").

Historically, the Company has carried aged accounts receivable related to VAT in Trinidad. As at June 30, 2025, the balance of past due VAT receivables decreased by \$978,000 compared to December 31, 2024. During the six months ended June 30, 2025, the Company collected \$724,000 of overdue VAT receivables.

On January 31, 2025, the GOTT issued fixed-rate, three-year bonds with a principal amount of \$2,960,000 to the Company's Trinidadian subsidiaries in settlement of a portion of the outstanding VAT receivables. The bonds carry a fixed interest rate of 4.01 percent and are non-transferable for six months from the date of issuance. As at June 30, 2025, the full amount was recorded as current VAT bonds on the consolidated balance sheet, representing the fair value of the bonds received.

While the timing of VAT collections remains uncertain due to inconsistent settlement practices, Management continues to believe that the full VAT receivable balance is ultimately collectible, as the Company has not historically incurred losses related to uncollected VAT amounts.

The following table details the composition and aging of our accounts receivable as of June 30, 2025.

Composition	Counterparty	Balance due (\$000's)	Balance due (%)	Accounts receivable aging	
				Current (\$000's)	Over 90 days (\$000's)
Petroleum and natural gas sales	Heritage, NGC and other	7,819	29	7,819	-
Joint interest billings	Heritage and NGC	1,789	7	1,789	-
VAT	GOTT	6,700	25	1,705	4,995
Income tax	GOTT	879	3	816	63
Finance lease	Third-party lessee	184	1	184	-
Other	Various	773	3	773	-
Amount to be remitted upon collection pursuant to Acquisition	Acquisition seller	8,524	32	8,524	-
Accounts receivable		26,668	100	21,610	5,058

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

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. It also encompasses the risk that assets cannot be liquidated in a timely manner or at a reasonable price. Management monitors the Company's liquidity position on an ongoing basis and believes that forecasted cash flows will be sufficient to meet its financial liabilities as they mature.

The Company's liquidity management strategy is designed to ensure that sufficient resources are available to meet obligations under both normal and stressed conditions, without incurring unacceptable losses or compromising operational or strategic objectives.

Liquidity and capital structure stewardship are managed through the Company's financial and operational forecasting process. Forecasts are prepared and updated regularly, incorporating assumptions related to expected production volumes, commodity pricing, capital investment programs, operating and general and administrative expenses, royalty and income tax obligations, and other investing and financing activities. These forecasts are revised as necessary to reflect changes in external factors such as commodity prices and regulatory developments, as well as internal factors including capital allocation and production outlook.

The following table sets forth estimated undiscounted cash outflows and financial maturities of our financial liabilities as at June 30, 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	28,815	28,815	-	-
Income taxes payable	Yes – liability	82	82	-	-
Lease liabilities ⁽³⁾	Yes – liability	6,013	1,626	3,140	1,247
Principal balance of bank debt ⁽⁴⁾	Yes – liability	62,000	9,929	32,428	19,643
Bank debt interest ⁽⁴⁾	No – recognized as incurred	11,736	4,333	5,169	2,234
Share-based compensation liabilities ⁽⁵⁾	Yes – liability	480	318	162	-
Financial liabilities		109,126	45,103	40,899	23,124

Notes:

- (1) Undiscounted cash outflows equal the financial statement carrying values of the associated liabilities except for lease liabilities and bank debt.
- (2) Excludes the \$1,196,000 current portion of lease liabilities and the \$318,000 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 June 30, 2025. Interest rates on three of the Company's four loan facilities are reset annually (refer to the "Liquidity and Capital Resources - Bank debt" section herein).
- (5) Represents accrued obligations related to share-based compensation awards 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

The Company completed a gross \$12.5 million convertible debenture and warrant offering with a Canadian private investor on August 13, 2025. Please refer to the "Convertible Debenture Offering" section of this MD&A for further information.

Changes in Accounting Policies Including Initial Adoption

There were no changes in accounting policies during the three and six months ended June 30, 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 and six months ended June 30, 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. Please also refer to Note 5 "Business Combination" of our interim financial statements for a description of the estimates and judgments used to in calculating the preliminary purchase price allocation of the Acquisition.

The Company believes it has hired individuals and consultants who have the skills required to make such estimates and ensures that individuals or departments with the most knowledge of the activity are responsible for the estimates. Furthermore, past estimates are reviewed and compared to actual results, and actual results are compared to budgets to make more informed decisions on future estimates.

Business Risks

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

Please refer to our 2024 Annual Information Form dated March 19, 2025 for a full understanding of risks that affect Touchstone, which can be found on our profile on SEDAR+ (www.sedarplus.ca) and on our 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 April 1, 2025 and ended June 30, 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	June 30, 2025	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Operational								
Average daily production (<i>boe/d</i>)	4,399	4,317	5,287	5,211	5,432	7,015	8,504	3,391
Net wells drilled	0.8	-	-	-	1.0	2.6	-	-
Realized commodity price ⁽¹⁾ (\$/boe)	27.50	28.60	27.85	27.65	28.50	25.98	26.53	37.44
Operating netback ⁽¹⁾ (\$/boe)	12.59	15.83	14.17	15.46	16.44	16.39	17.54	19.27
Financial (\$000's except per share amounts)								
Petroleum and natural gas sales	11,007	11,113	13,543	13,253	14,090	16,584	20,759	11,682
Cash (used in) from operating activities	(234)	5,611	822	3,607	3,383	5,369	8,512	343
Funds flow from operations	1,433	2,580	3,614	3,024	3,968	6,142	10,489	2,432
Net (loss) earnings	(710)	41	(542)	1,847	3,339	3,628	(21,236)	988
Per share – basic and diluted	(0.00)	0.00	(0.00)	0.01	0.01	0.02	(0.09)	0.00
Capital expenditures ⁽¹⁾	4,659	6,673	3,106	3,068	5,543	11,962	1,186	3,609
Acquisition expenditures	28,400	-	-	-	-	-	-	-
Working capital deficit ⁽¹⁾	11,816	7,705	1,359	3,865	2,674	14,121	7,581	13,419
Principal long-term bank debt	52,071	25,625	27,750	25,728	26,000	13,500	15,000	16,500
Net debt ⁽¹⁾ – end of period	63,887	33,330	29,109	29,593	28,674	27,621	22,581	29,919
Share Information (000's)								
Weighted average – basic	242,586	236,461	236,461	235,189	234,959	234,213	234,213	233,541
Weighted average – diluted	242,586	236,461	236,461	236,578	236,364	236,548	234,213	237,138
Outstanding shares – end of period	261,097	236,461	236,461	236,461	236,307	234,213	234,213	234,213

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:

- On May 16, 2025, the Company completed the Acquisition, primarily financed through a new \$30 million term loan facility. As a result, net debt increased by 92 percent to \$63.9 million. The acquired asset contributed approximately 965 boe/d during the quarter, partially offsetting natural production declines resulting in a modest 2 percent increase in total production compared to the prior quarter. Funds flow from operations decreased by \$1.1 million quarter-over-quarter, primarily due to higher operating costs associated with the newly acquired assets.

- 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.

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Petroleum and natural gas sales	11,007	14,090	22,120	30,674
Less: royalty expense	(2,653)	(3,585)	(5,471)	(7,262)
Petroleum and natural gas revenue, net of royalties	8,354	10,505	16,649	23,412
Less: operating expense	(3,314)	(2,378)	(5,458)	(4,822)
Operating netback	5,040	8,127	11,191	18,590
Total production (boe)	400,284	494,313	788,804	1,132,660
Operating netback (\$/boe)	12.59	16.44	14.18	16.41

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
E&E asset expenditures	395	60	818	168
PP&E expenditures	4,264	5,483	10,514	17,337
Capital expenditures	4,659	5,543	11,332	17,505
Acquisition expenditures	28,400	-	28,400	-
Abandonment fund expenditures	145	226	320	527
Net change in non-cash working capital	(3,186)	5,297	(5,278)	(4,951)
Cash used in investing activities	30,018	11,066	34,774	13,081

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)	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	(37,048)	(22,151)	(20,455)
Current liabilities	48,864	23,510	23,129
Working capital deficit	11,816	1,359	2,674
Principal balance of long-term bank debt	52,071	27,750	26,000
Net debt	63,887	29,109	28,674
Shareholders' equity	73,914	68,828	67,675
Managed capital	137,801	97,937	96,349

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

(\$000's)	June 30, 2025	December 31, 2024	June 30, 2024
Total liabilities	155,094	83,445	81,876
Lease liabilities	(3,733)	(4,368)	(2,620)
Share-based compensation liability	(162)	(117)	-
Decommissioning liability	(14,812)	(9,985)	(9,650)
Deferred income tax liability	(35,863)	(17,924)	(20,739)
Variance of carrying value and principal value of bank debt	411	209	262
Current assets	(37,048)	(22,151)	(20,455)
Net debt	63,887	29,109	28,674

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, acquisitions 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 and/or acquisitions.

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 are 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 updated annual 2025 guidance;
- financial condition and outlook and results of operations, including future liquidity and financial capacity and expectations of future growth, including expectations of future production levels and cash flows to be derived therefrom;
- future demand for the Company's petroleum and natural gas products and economic activity in general;
- general economic and political developments in Trinidad and globally;
- the performance characteristics of the Company's petroleum and natural gas properties, including current and future crude oil and liquids and natural gas production levels, estimated field production levels and estimated future production decline rates;
- expectations regarding the ability of the Company to raise capital and to continually add to reserves through exploration, acquisitions and development;
- future capital expenditure programs, including the anticipated timing of completion, allocation and costs thereof and the method of funding;
- future development and exploration activities to be undertaken in various areas and timing thereof, including the fulfillment of minimum work obligations and exploration commitments;
- terms and estimated future expenditures of the Company's contractual commitments and their timing of settlement;
- terms and title of exploration and production licences and the expected formal extension, 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 GOTT and the Company's expectation to liquidate bonds received therefrom 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 Company's expectation of decreasing its internal net debt to funds flow from operations capital metric and the timing thereof;
- the expected use of proceeds from the Offering;
- future compliance with the terms of the Offering, including the Company's ability to make future interest and principal payments;
- the potential of future acquisitions or dispositions and receiving required regulatory approvals thereto;
- estimated amounts, timing and the anticipated sources of funding for the Company's decommissioning liabilities;
- effect of business and environmental risks on the Company; and
- the statements under "*Significant Accounting Estimates, Judgements and Assumptions*".

In addition, information and statements relating to reserves are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future. The recovery and reserve estimates 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.

This MD&A includes a summary of the Company's updated 2025 capital budget and guidance, which includes, but is not limited to, forward looking statements relating to: the focus of Touchstone's remaining 2025 capital plan, including pursuing developmental drilling activities and optimizing existing natural gas and liquids infrastructure capacity; anticipated 2025 annual average production by commodity; forecasted production decline rates; anticipated developmental drilling activities, including locations, the timing thereof and related production and cash flows therefrom; anticipated 2025 capital expenditures including estimations of costs and inflation incorporated therein; anticipated timing of drilling and completion activities, well tie-in operations and production coming online; forecasted future commodity prices; forecasted royalty, operating, general and administration, cash finance, and income tax expenses; anticipated funds flow from operations and net debt; and Touchstone's future financial position, including the sufficiency of resources to fund future capital expenditures and maintain financial liquidity.

The updated 2025 capital budget and financial guidance is predicated on the Company securing an additional \$7.3 million in equity financing as required under the terms of its Loan Agreement. There is no assurance that the Company will successfully raise the additional equity, either in the amount or within the timeframe envisioned by Management. Consequently, the updated 2025 budget and guidance disclosed herein are subject to potential revision, and such revisions could be material.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Touchstone's prospective results of operations and production included in its updated 2025 guidance, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the paragraphs above. The FOFI contained in this MD&A was approved by Management as of the date hereof and was provided for the purpose of providing further information about Touchstone's future business operations. This information has been provided for illustration only and, with respect to future periods, is based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Touchstone and its Management believe that FOFI has been prepared on a reasonable basis, reflecting Management's best estimates and judgments, and represents, to the best of Management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. Touchstone disclaims any intention or obligation to update or revise any FOFI contained herein, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained herein should not be used for purposes other than for which it is disclosed herein, and the FOFI contained herein is not conclusive and is subject to change. Variations in forecasted commodity prices, differences in the amount and timing of capital expenditures, and variances in average production estimates and decline rates can have a significant impact on the key performance measures included in the guidance disclosed herein. Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of the forecasted costs, expenditures, prices and operating results are not objectively determinable. The actual results of the Company's operations and the resulting financial results will vary from the amounts set forth in this MD&A and such variations may be material.

The Company 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 commodity prices, the impact (and duration thereof) of ongoing geopolitical events and their effect on market prices for crude oil and natural gas, the ability to access sufficient capital from internal and external sources, changes in income tax laws, royalties and incentive programs relating to the 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 can be found on the Company's profile on SEDAR+ (www.sedarplus.ca).

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

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

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

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

Oil and Natural Gas Measures

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

Product Type Disclosures

This MD&A includes references to crude oil, NGLs, crude oil and liquids 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 propane; 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	June 30, 2025	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Production								
Light and medium crude oil (bbls)	98,772	99,112	114,492	109,771	100,136	100,599	98,314	103,048
Heavy crude oil (bbls)	5,137	5,475	5,995	4,638	5,254	5,535	5,966	5,831
Crude oil (bbls)	103,909	104,587	120,487	114,409	105,390	106,134	104,280	108,879
Condensate (bbls)	7,892	3,466	11,087	4,101	9,207	23,811	57,183	16,180
Other NGLs (bbls)	11,203	-	-	-	-	-	-	-
Crude oil and liquids (bbls)	123,004	108,053	131,574	118,510	114,597	129,945	161,463	125,059
Conventional natural gas (Mcf)	1,663,683	1,682,797	2,128,528	2,164,853	2,278,297	3,050,412	3,725,201	1,121,585
Total production (boe)	400,284	388,519	486,329	479,319	494,313	638,347	782,330	311,990
Average daily production								
Light and medium crude oil (bbls/d)	1,086	1,101	1,245	1,194	1,100	1,105	1,068	1,120
Heavy crude oil (bbls/d)	56	61	65	50	58	61	65	63
Crude oil (bbls/d)	1,142	1,162	1,310	1,244	1,158	1,166	1,133	1,183
Condensate (bbls/d)	87	39	121	45	101	262	622	176
Other NGLs (bbls/d)	123	-	-	-	-	-	-	-
Crude oil and liquids (bbls/d)	1,352	1,201	1,431	1,289	1,259	1,428	1,755	1,359
Conventional natural gas (Mcf/d)	18,282	18,698	23,136	23,531	25,036	33,521	40,491	12,191
Average daily production (boe/d)	4,399	4,317	5,287	5,211	5,432	7,015	8,504	3,391

The Company's total and average production for the six months ended June 30, 2025 and 2024 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.

	Six months ended June 30,	
	2025	2024
Production		
Light and medium crude oil (bbls)	197,884	200,735
Heavy crude oil (bbls)	10,612	10,789
Crude oil (bbls)	208,496	211,524
Condensate (bbls)	11,358	33,018
Other NGLs (bbls)	11,203	-
Crude oil and liquids (bbls)	231,057	244,542
Conventional natural gas (Mcf)	3,346,480	5,328,709
Total production (boe)	788,804	1,132,660
Average daily production		
Light and medium crude oil (bbls/d)	1,093	1,103
Heavy crude oil (bbls/d)	59	59
Crude oil (bbls/d)	1,152	1,162
Condensate (bbls/d)	63	181
Other NGLs (bbls/d)	62	-
Crude oil and liquids (bbls/d)	1,277	1,343
Conventional natural gas (Mcf/d)	18,489	29,279
Average daily production (boe/d)	4,359	6,223

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	JKM	Japan Korea Marker, the reference point paid for natural gas in Northeast Asia
Mcf	thousand cubic feet	LNG	Liquified natural gas
Mcf/d	thousand cubic feet per day	NBP	The reference price paid for natural gas in the United Kingdom at the National Balancing Point Virtual Trading Point
MMcf	million cubic feet	NGL(s)	Natural gas liquid(s), which includes condensate, propane, butane and ethane
MMcf/d	million cubic feet per day	TSX	Toronto Stock Exchange
MMBtu	million British Thermal Units	TT\$	Trinidad and Tobago dollar
boe	barrels of oil equivalent	WTI	Western Texas Intermediate
boe/d	barrels of oil equivalent per day	\$ or US\$	United States dollar
Mboe	thousand barrels of oil equivalent	£	Pounds sterling

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 found on the Company's profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).



Corporate Information

Directors

Kenneth R. McKinnon
Chair of the Board

Paul R. Baay
Priya Marajh
Peter Nicol
Beverley Smith
Stanley T. Smith

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

Head Office

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Registered Office

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T2P 4H2

Operating Office

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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
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UK Public Relations

FTI Consulting
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