



Touchstone Exploration Inc.

Management's Discussion and Analysis

**For the three months and years ended
December 31, 2025 and 2024**

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") for the three months and year ended December 31, 2025 with comparisons to the three months and year ended December 31, 2024 is dated March 30, 2026 and should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2025 (the "audited financial statements") and the Company's 2025 Annual Information Form dated March 30, 2026 ("2025 AIF"), which are available on the Company's profile on SEDAR+ (www.sedarplus.ca) and website (www.touchstoneexploration.com). The audited financial statements have been prepared by Management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS" or "GAAP"). The audited financial statements were approved by the Company's Board of Directors ("Board").

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 and other 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 and other 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". The Company's strategy is to leverage Canadian operational experience and technical capability across its Trinidad onshore properties to create long-term shareholder value.

Financial and Operational Results Overview

	Three months ended December 31,			Year ended December 31,		
	2025	2024	% change	2025	2024	% change
Operational						
Average daily production						
Crude oil ⁽¹⁾ (bbls/d)	996	1,310	(24)	1,087	1,220	(11)
NGLs ⁽¹⁾ (bbls/d)	413	121	100	276	132	100
Crude oil and liquids ⁽¹⁾ (bbls/d)	1,409	1,431	(2)	1,363	1,352	1
Natural gas ⁽¹⁾ (Mcf/d)	20,805	23,136	(10)	19,939	26,290	(24)
Average daily production (boe/d) ⁽²⁾	4,877	5,287	(8)	4,686	5,734	(18)
Production mix (% of production)						
Crude oil and liquids ⁽¹⁾	29	27		29	24	
Natural gas ⁽¹⁾	71	73		71	76	
Average realized prices ⁽³⁾						
Crude oil ⁽¹⁾ (\$/bbl)	54.57	62.50	(13)	59.45	67.91	(12)
NGLs ⁽¹⁾ (\$/bbl)	30.30	62.05	(51)	33.67	69.10	(51)
Crude oil and liquids ⁽¹⁾ (\$/bbl)	47.46	62.47	(24)	54.24	68.03	(20)
Natural gas ⁽¹⁾ (\$/Mcf)	2.54	2.50	2	2.59	2.48	4
Realized commodity price (\$/boe) ⁽²⁾	24.53	27.85	(12)	26.79	27.39	(2)
Operating netback (\$/boe) ⁽²⁾						
Realized commodity price ⁽³⁾	24.53	27.85	(12)	26.79	27.39	(2)
Royalty expense ⁽³⁾	(7.15)	(6.59)	8	(6.73)	(6.61)	2
Operating expense ⁽³⁾	(7.97)	(7.09)	12	(7.62)	(5.10)	49
Operating netback ⁽³⁾	9.41	14.17	(34)	12.44	15.68	(21)
Financial						
(\$000's except per share amounts)						
Petroleum and natural gas sales	11,001	13,543	(19)	45,817	57,470	(20)
Cash from operating activities	9,903	822	100	20,130	13,181	53
Funds flow from operations	623	3,614	(83)	5,371	16,748	(68)
Net income (loss)	13,621	(542)	n/a	10,888	8,272	32
Per share – basic	0.04	(0.00)	n/a	0.04	0.04	-
Per share – diluted	0.04	(0.00)	n/a	0.04	0.03	33
Capital expenditures ⁽³⁾	7,443	3,106	100	28,377	23,679	20
Acquisition expenditures	-	-	n/a	28,400	-	n/a
Principal balance of bank debt				57,750	35,000	65
Principal balance of convertible debenture				12,500	-	n/a
Net debt ⁽³⁾				72,890	29,109	100
Share Information (000's)						
Weighted avg. shares outstanding:						
Basic	304,674	236,461	29	262,969	235,509	12
Diluted	304,674	236,461	29	262,969	236,492	11
Outstanding shares – end of period				324,734	236,461	37

Notes:

- (1) In the table above and elsewhere in this MD&A, references to "crude oil" include the combined product types light and medium crude oil and heavy crude oil; 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"). References to "crude oil and liquids" 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 and Other Financial Measures" section of this MD&A.

Fourth Quarter 2025 Highlights

- **Production:** Averaged 4,877 boe/d (71% natural gas) in Q4 2025, an 8% decrease from 5,287 boe/d (73% natural gas) in Q4 2024. The Central field contributed 2,065 boe/d, highlighting its significant contribution to the portfolio since its acquisition.
- **Revenue:** Petroleum and natural gas sales totaled \$11.0 million, a 19% decrease from \$13.54 million in Q4 2024, primarily due to lower production and softened realized pricing.
 - **Crude oil sales:** \$5.0 million from average production of 996 bbls/d at an average realized price of \$54.57 per barrel.
 - **NGL sales:** \$1.15 million from average production volumes of 413 bbls/d at an average realized price of \$30.30 per barrel.
 - **Natural gas sales:** \$4.85 million from average production of 20.8 MMcf/d (3,468 boe/d) at an average realized price of \$2.54 per Mcf.
- **Operating netback:** Generated \$4.22 million, a 39% decrease year-over-year, impacted by lower petroleum and natural gas sales and increased natural gas operating expenses.
- **Funds flow from operations:** Totaled \$0.62 million, compared to \$3.61 million in Q4 2024. The decline was driven by lower operating netbacks and higher cash finance expenses, partially offset by reduced general and administration expenses.
- **Net income:** Reported \$13.62 million (\$0.04 per share), compared to a net loss of \$0.54 million in Q4 2024. The increase was primarily non-cash, driven by a \$9.55 million deferred tax recovery and a \$4.98 million gain on asset dispositions.
- **Capital investments:** Invested \$7.44 million, focused on drilling the CR-3 development well on the Central property.
- **Financial position:** Net debt decreased to \$72.89 million from \$77.75 million at September 30, 2025, supported by \$8.37 million in net proceeds from a private placement.

Full Year 2025 Highlights

- **Health and safety:** Achieved a safety milestone with zero lost-time injuries recorded throughout 2025.
- **Strategic acquisition:** Completed the acquisition of Shell Trinidad Central Block Limited on May 16, 2025. The asset contributed an average of 2,095 boe/d of liquids-rich natural gas since closing and provides critical exposure to global LNG pricing.
- **Annual production:** Averaged 4,686 boe/d, an 18% decrease from 5,734 boe/d in 2024. Incremental production from the Central block partially mitigated natural declines at Cascadura and mature crude oil fields.
- **Financial performance:**
 - **Revenue:** Petroleum and natural gas sales totaled \$45.82 million, down 20% from \$57.47 million in 2024, primarily attributable to lower natural gas production volumes and decreased crude oil and liquids realized prices.
 - **Operating netback:** Generated \$21.26 million (\$12.44 per boe), compared to \$32.89 million (\$15.68 per boe) in 2024.
 - **Funds flow from operations:** Reported \$5.37 million, a 68% year-over-year decrease from \$16.75 million in 2024.
 - **Net income:** Realized \$10.89 million (\$0.04 per share), compared to \$8.27 million (\$0.04 per basic share and \$0.03 per diluted share) in 2024, reflecting a \$4.98 million gain on asset disposition and a \$12.61 million deferred income tax recovery recorded in 2025.

- **Capital program:** Executed a \$28.38 million capital program, pivoting from infrastructure build out to active drilling, including three gross (2.25 net) development wells.
- **Strategic portfolio rationalization:** Divested the non-core Fyzabad property. Consideration included three turnkey drilling wells on the Company's WD-8 and WD-4 blocks, aligning with our strategy to focus on higher-return core assets.
- **Financing and liquidity:**
 - **Bank debt:** Obtained an additional \$30 million term loan facility to finance the Central block acquisition.
 - **Convertible debt:** Issued a \$12.5 million three-year secured convertible debenture to fund the completion of the 2025 Cascadura drilling program.
 - **Private placements:** Raised an aggregate of \$13.6 million in net proceeds through two equity placements in 2025.

Liquidity and Going Concern

The Company's capital strategy is focused on maintaining a flexible financial structure to support its ongoing development programs and satisfy financial obligations. Management continues to monitor the Company's liquidity position to ensure that operating cash flows and working capital remain sufficient to support ongoing financial obligations, planned capital programs, and future work commitments.

As at December 31, 2025, the Company had a working capital deficit of \$15.4 million, excluding the convertible debenture (the "Debenture") maturing in 2028. Additionally, the Company currently projects a breach of its bank debt net senior funded debt to trailing annual EBIDA and debt service coverage covenants as of December 31, 2026, which could result in the bank debt becoming due at that time. In the absence of mitigating actions, the Company's current cash resources and forecasted cash flows from operations may not be sufficient to fund expected operating and development expenditures and scheduled bank debt repayments over the next twelve months.

The audited financial statements were prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. However, the financial statements include a note regarding the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Management is actively executing a strategic plan to bolster liquidity and address these uncertainties through the following initiatives:

- **Operational cash flow:** Realizing anticipated production growth from the 2025 and 2026 drilling programs and benefiting from strengthening commodity pricing.
- **Value-added tax ("VAT") receivables:** Monitoring and accelerating the collection of outstanding VAT receivables.
- **Capital management:** Maintaining active engagement with its lender regarding potential amendments to the loan agreement or obtaining waivers for the projected 2026 covenant breaches.

Should these liquidity objectives experience delays or remain unfulfilled, the Company is actively evaluating and is prepared to implement contingency measures. These may include, but are not limited to, the optimization or deferral of planned capital expenditures or seeking additional debt or equity financing to ensure ongoing obligations are met.

The audited financial statements do not reflect potential adjustments to the carrying amounts of assets and liabilities, reported amounts of revenue and expenses, or balance sheet classifications that would be required if the going concern assumption were deemed not appropriate. Such adjustments could be material.

Strategic 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. The financial position and results of operations of the acquired entity have been consolidated into the Company's financial and operating results effective May 16, 2025. The acquired entity held a 65 percent operating interest in the onshore Central block exploration and production licence, with Heritage Petroleum Company Limited ("Heritage") holding the remaining 35 percent participating interest. To streamline operations and achieve administrative efficiencies, the acquired entity was amalgamated with an existing Trinidadian subsidiary of the Company on December 12, 2025.

The Central block assets include four producing natural gas wells and an 80 MMcf/d gas processing facility, which currently processes production from the Carapal Ridge, Baraka, and Baraka East liquids-rich natural gas pools. The Acquisition provides:

- Enhanced production profile: Low-decline, liquids-rich natural gas production with upside potential through identified infill drilling and exploration prospects.
- Strategic infrastructure: Includes an 80 MMcf/d natural gas processing plant and a comprehensive network of flowlines and third-party export pipelines tied into both the domestic market and the Atlantic LNG facility.
- Operational synergies: The Central block is contiguous with the Company's Ortoire block, providing logistical advantages for natural gas transportation and processing. Additionally, production from the Company's Coho field is processed at the Central block facility.
- Marketing flexibility: Central block volumes are sold through three distinct marketing agreements, providing diversified revenue exposure to both domestic petrochemical demand and international LNG-linked pricing.

The Acquisition was primarily funded through a \$30 million, six-year non-revolving term loan facility provided by the Company's existing Trinidad-based lender. This facility was structured with no principal payments due during the first year to align debt service with the cash flow profile of the acquired producing assets. For further details on the terms of the facility, refer to the "*Liquidity and Capital Resources - Bank debt*" section of this MD&A.

For additional details regarding the Acquisition, including the preliminary purchase price allocation, refer to Note 7 "*Business Combination*" of the audited financial statements.

Annual 2025 Guidance

The following table compares Touchstone's actual results for the year ended December 31, 2025, to the revised operational and financial guidance (the "Revised Guidance") published in the Company's news release dated November 13, 2025.

Year ended December 31, 2025	2025 Results	Revised Guidance	Variance	
			Amount	%
Average daily production (<i>boe/d</i>)	4,686	4,700	(14)	-
% natural gas	71	71	-	-
% crude oil and liquids	29	29	-	-
Funds flow from operations (<i>\$000's</i>)	5,371	4,000	1,371	34
Capital expenditures ⁽¹⁾ (<i>\$000's</i>)	28,377	27,000	1,377	5
Net debt – end of year ⁽¹⁾ (<i>\$000's</i>)	72,890	69,000	3,890	6

Note:

(1) Specified or supplementary financial measure. See the "*Advisories - Non-GAAP and Other Financial Measures*" section herein.

Touchstone's 2025 average daily production was 4,686 boe/d, representing a negligible variance of less than 1 percent relative to Revised Guidance. Despite this, funds flow from operations exceeded the guidance target by 34 percent, primarily driven by lower-than-forecasted operating and general and administrative expenses realized during the fourth quarter.

Capital expenditures for the year were \$28.38 million, approximately \$1.38 million above Revised Guidance. This variance was primarily attributable to unbudgeted incremental drilling and completion costs associated with the Cascadura-4ST2X well.

As at December 31, 2025, the Company's net debt was \$72.89 million, roughly 6 percent (or \$3.89 million) above Revised Guidance. This increase was driven by the aforementioned capital expenditure variance and a decrease in year-end working capital balances, which were partially offset by the outperformance in funds flow from operations.

Principal Properties and Licences

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

A schedule of Touchstone's Trinidad property interests as of December 31, 2025, is provided below.

Property ⁽¹⁾	Working interest (%)	Licence type	Licence Expiry	Gross acres ⁽²⁾	Net acres ⁽³⁾
<i>Developed</i>					
CO-1	100	LOA	December 31, 2030 ⁽⁴⁾	1,230	1,230
WD-4	100	LOA	December 31, 2030 ⁽⁴⁾	700	700
WD-8	100	LOA	December 31, 2030 ⁽⁴⁾	650	650
Balata East	100	EPSC	November 30, 2030 ⁽⁴⁾	1,270	1,270
Barrackpore	100	Private	Various	211	211
Central	65	State	September 17, 2031 ⁽⁵⁾	6,698	4,354
Ortoire - Cascadura	80	State	October 31, 2039 ⁽⁵⁾	2,377	1,902
Ortoire - Coho	80	State	October 31, 2039 ⁽⁵⁾	1,317	1,054
				14,453	11,371
<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				186,094	148,683

Notes:

- (1) The Fyzabad MEEI lease and associated private leases were disposed of effective December 31, 2025, pursuant to an asset exchange agreement for drilling services. Refer to the "Capital Acquisitions and Dispositions - 2025 Disposition of Non-core Assets" section for further details.
- (2) "Gross" means the total area of properties in which Touchstone has an interest.
- (3) "Net" means the total area of properties in which Touchstone has an interest multiplied by the Company's working interest.
- (4) The agreements may be extended for an additional five-year period pending mutual agreement on work commitments for the extension period.
- (5) Contains options to extend for subsequent five-year renewal periods under terms to be agreed.

For further details regarding our production, exploration and marketing contracts, please see the Company's 2025 AIF, which is available on the Company's profile on SEDAR+ (www.sedarplus.ca) and website (www.touchstoneexploration.com).

Financial and Operational Results

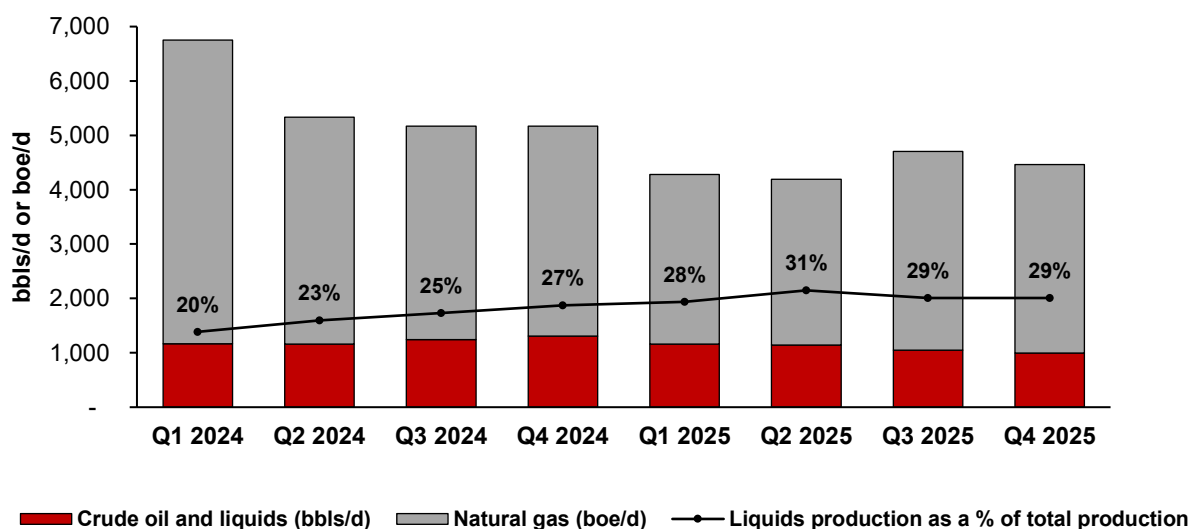
Production Volumes

	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Production						
Crude oil (bbls)	91,595	120,487	(24)	396,820	446,420	(11)
NGLs (bbls)	37,957	11,087	100	100,623	48,206	100
Crude oil and liquids (bbls)	129,552	131,574	(2)	497,443	494,626	1
Natural gas (Mcf)	1,914,018	2,128,528	(10)	7,277,682	9,622,090	(24)
Total production (boe)	448,555	486,329	(8)	1,710,390	2,098,308	(18)
Average daily production						
Crude oil (bbls/d)	996	1,310	(24)	1,087	1,220	(11)
NGLs (bbls/d)	413	121	100	276	132	100
Crude oil and liquids (bbls/d)	1,409	1,431	(2)	1,363	1,352	1
Natural gas (Mcf/d)	20,805	23,136	(10)	19,939	26,290	(24)
Average daily production (boe/d)	4,877	5,287	(8)	4,686	5,734	(18)
Production mix						
Crude oil and liquids (%)	29	27		29	24	
Natural gas (%)	71	73		71	76	

Total and average daily production volumes for the fourth quarter of 2025 decreased by 8 percent compared to the fourth quarter of 2024. On an annual basis, total and average daily production volumes decreased by 18 percent compared to 2024. The decrease primarily reflected natural production declines from the Company's mature crude oil fields and the Cascadura field, partially offset by incremental production from the Central field.

Production from the Central field averaged approximately 2,065 boe/d during the fourth quarter of 2025 and 1,321 boe/d for the year ended December 31, 2025.

Average Daily Production



Crude oil production

Crude oil produced from the Company's properties is stored in tanks at individual well pads prior to being transported by truck to designated sales facilities connected to Heritage pipeline infrastructure. The following table summarizes crude oil production volumes by property for the three months and years ended December 31, 2025 and 2024.

Property (bbls)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
CO-1	32,923	40,773	(19)	145,010	146,191	(1)
WD-4	34,958	39,959	(13)	144,934	163,909	(12)
WD-8	10,114	14,706	(31)	45,106	70,103	(36)
Balata East	6,682	11,793	(43)	30,060	19,580	54
Cascadura	3,276	6,617	(50)	8,451	7,183	18
Other minor fields	3,642	6,639	(45)	23,259	39,454	(41)
Crude oil production	91,595	120,487	(24)	396,820	446,420	(11)

Crude oil production for the fourth quarter of 2025 totaled 91,595 barrels, representing a decrease of 24 percent compared to the same period in 2024. The decrease primarily reflected natural production declines across the Company's mature crude oil fields, as no crude oil development wells were drilled during 2025.

For the year ended December 31, 2025, crude oil production decreased by 11 percent compared to 2024. The decrease was primarily attributable to natural production declines and the impact of lower volumes from two minor properties that were disposed of during 2024. These declines were partially offset by higher production from the Cascadura property, reflecting liquids contributions from the Cascadura-3ST1 and Cascadura-5 wells, as well as a full year of production from the Balata East field.

NGL production

At the Cascadura facility, separated NGLs are stored on site and subsequently transported by truck to the Balata East sales facility. The Central block facility separates NGLs from produced natural gas and is directly connected to a Heritage-operated sales pipeline. Additional NGLs are extracted from natural gas volumes delivered to the Atlantic LNG facility through the cross-island pipeline.

The following table summarizes NGL production volumes by property for the three months and years ended December 31, 2025 and 2024.

Property (bbls)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Cascadura	1,757	11,087	(84)	9,335	48,206	(81)
Central	36,200	-	n/a	91,288	-	n/a
NGL production	37,957	11,087	100	100,623	48,206	100

NGL production averaged 413 bbls/d during the fourth quarter of 2025, compared to 121 bbls/d in the corresponding period of 2024. The increase was primarily attributable to condensate and other NGL production from the Central block, which averaged 393 bbls/d during the quarter. These incremental volumes more than offset natural declines in liquids production from the Cascadura-1ST1 and Cascadura Deep-1 wells.

For the year ended December 31, 2025, total and average NGL production increased by 109 percent compared to 2024. The increase primarily reflected incremental condensate and other NGL production from the Central block, which averaged 251 bbls/d during 2025. This increase offset natural declines in NGL production from the Cascadura-1ST1 and Cascadura Deep-1 wells, which averaged a combined 26 bbls/d in 2025 compared to 132 bbls/d in 2024.

Natural gas production

Natural gas volumes processed at the Cascadura facility are sold into a connected National Gas Company of Trinidad and Tobago ("NGC") sales pipeline. Volumes produced from the Coho field are delivered via an NGC-owned pipeline and processed at the Company's Central block facility. Natural gas processed at the Central block is either sold domestically to NGC or transported through the cross-island pipeline to the Atlantic LNG facility. The Company's share of LNG liftings, measured at the custody transfer point, may differ from net natural gas volumes delivered in any given period.

The following table summarizes natural gas production volumes by property for the three months and years ended December 31, 2025 and 2024.

Property (Mcf)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Cascadura	867,982	1,944,642	(55)	4,376,870	8,760,221	(50)
Central	922,144	-	n/a	2,342,686	-	n/a
Coho	123,892	183,886	(33)	558,126	861,869	(35)
Natural gas production	1,914,018	2,128,528	(10)	7,277,682	9,622,090	(24)

Natural gas production averaged 20.8 MMcf/d (3,468 boe/d) during the fourth quarter of 2025, representing a decrease of 10 percent from 23.1 MMcf/d (3,856 boe/d) delivered during the fourth quarter of 2024. For the year ended December 31, 2025, average natural gas production was 19.9 MMcf/d (3,323 boe/d), compared to 26.3 MMcf/d (4,382 boe/d) in 2024, representing a decrease of 24 percent.

The decreases primarily reflected natural production declines from the Cascadura-1ST1, Cascadura Deep-1, and Coho-1 wells, all of which commenced production prior to 2024. These declines are consistent with the expected production profile of mature natural gas wells. In addition, Cascadura production volumes continued to be affected by downstream infrastructure pressure fluctuations. The Company is advancing the Cascadura compression project, which is expected to mitigate these constraints and support more stable delivery rates.

Production declines were partially offset by incremental volumes from the Central block, which contributed average production of approximately 10.0 MMcf/d (1,671 boe/d) during the fourth quarter of 2025 and approximately 6.4 MMcf/d (1,070 boe/d) for the year ended December 31, 2025.

Commodity Prices

	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Avg. benchmark prices⁽¹⁾						
Brent (\$/bbl)	63.08	73.97	(15)	68.22	79.84	(15)
WTI (\$/bbl)	59.14	70.27	(16)	64.81	75.72	(14)
Average realized prices⁽²⁾						
Crude oil (\$/bbl)	54.57	62.50	(13)	59.45	67.91	(12)
NGLs (\$/bbl)	30.30	62.05	(51)	33.67	69.10	(51)
Crude oil and liquids (\$/bbl)	47.46	62.47	(24)	54.24	68.03	(20)
Natural gas (\$/Mcf)	2.54	2.50	2	2.59	2.48	4
Realized commodity price⁽²⁾ (\$/boe)	24.53	27.85	(12)	26.79	27.39	(2)

Notes:

(1) Average of the daily closing prices. Sources: US Energy Information Administration and GLJ Ltd.

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

Crude oil and liquids realized prices

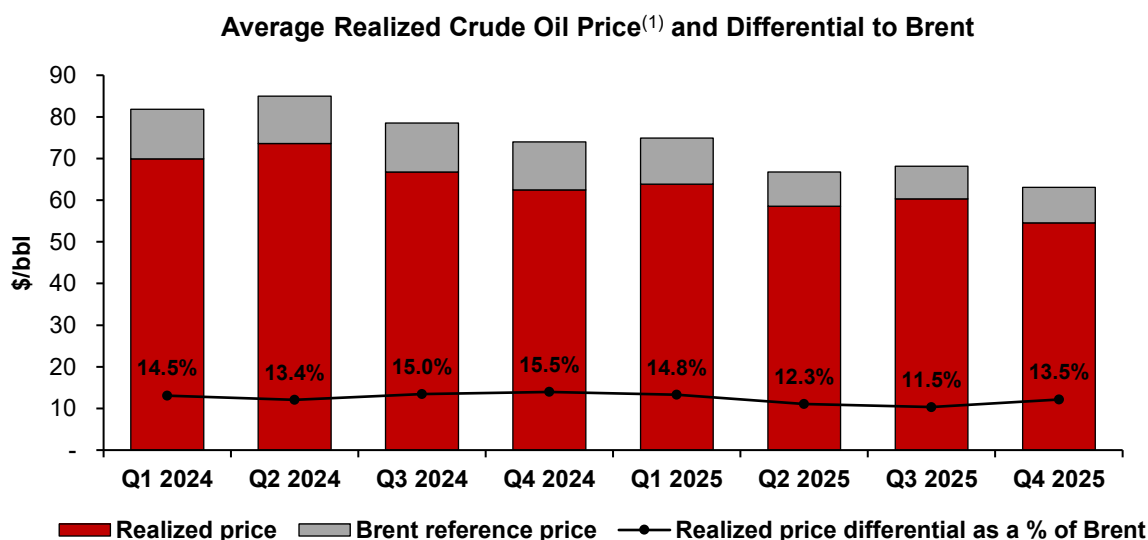
Touchstone's realized prices for crude oil and NGLs are influenced by product quality differentials and international marketing arrangements, which are largely beyond the Company's control. All crude oil and liquids produced in Trinidad are exported for refining.

Crude oil produced from the Company's legacy assets and Cascadura NGLs are sold to Heritage at prices linked to the Brent benchmark. Central block NGL volumes separated at the Company's 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.

The Brent benchmark price averaged \$63.08 per barrel in the fourth quarter of 2025, representing a 9 percent decrease from the third quarter of 2025 and a 15 percent decrease relative to the same period in 2024. For the year ended December 31, 2025, Brent averaged \$68.22 per barrel, a 15 percent decline from the 2024 annual average year-over-year. These price movements were primarily driven by softening global demand fundamentals and the staged unwinding of OPEC+ voluntary production quotas.

Touchstone realized an average crude oil price of \$54.57 per barrel in the fourth quarter of 2025, compared to \$62.50 per barrel in the same period of 2024. The 13 percent decrease primarily reflected a 15 percent reduction in average Brent reference pricing, partially offset by a narrowing of the Company's realized crude oil price differential relative to Brent, from 15.5 percent to 13.5 percent.

On an annual basis, the Company realized an average crude oil price of \$59.45 per barrel in 2025, a 12 percent decrease compared to \$67.91 per barrel during 2024. The decline reflected lower global benchmarks, slightly offset by a narrowing of the realized price differential relative to Brent from 14.9 percent to 12.9 percent.



Note:

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

NGL realized pricing declined by 51 percent in the fourth quarter of 2025 and on an annual basis compared to the same periods in 2024. This decline primarily reflected a material shift in the Company's production mix following the Central block acquisition. NGL volumes from the Central block represented approximately 95 percent and 91 percent of total NGL production during the three months and year ended December 31, 2025, respectively.

Central NGLs attract a lower realized price referenced to WTI and Propane Plus benchmarks as compared to Cascadura NGLs. Production from the Cascadura field continues to be linked to the Brent benchmark and realized at a price consistent with the Company's crude oil sales.

Natural gas realized prices

Natural gas production from the Ortoire block is sold under a long-term, fixed-price contract with NGC. The contract price is \$2.33 per MMBtu through October 10, 2026, increasing to approximately \$2.38 per MMBtu through October 10, 2027. Thereafter, the fixed price is subject to redetermination between the parties every five years.

Natural gas production from the Central block is marketed either domestically to NGC or internationally to Atlantic LNG, contingent upon Atlantic LNG facility availability. Atlantic LNG pricing is variable, linked to a basket of global energy benchmarks including Brent, Henry Hub, JKM and NBP. This exposure allows the Company to capture international market premiums, though it introduces greater price volatility compared to the Ortoire block domestic contract.

For the three months ended December 31, 2025, 100 percent of Central production was delivered to Atlantic LNG. Since the closing of the Acquisition, approximately 97 percent of Central block volumes were delivered to Atlantic LNG, with the remaining 3 percent sold domestically to NGC.

Natural gas sales to Atlantic LNG are recognized upon the transfer of legal title at the processing facility inlet. Revenue is initially estimated based on applicable marketing arrangements, net of stripped NGLs and allocated plant gas. Final adjustments are recorded when the LNG is lifted and definitive pricing is confirmed. Sales to Atlantic LNG are recorded net of processing and marketing charges, including transportation, liquefaction, and associated fees.

Touchstone realized an average natural gas price of \$2.54 per Mcf in the fourth quarter of 2025, a 2 percent increase year-over-year. The minor increase was primarily driven by the contractual inflation adjustment integrated into the Ortoire sales agreement.

On an annual basis, the Company realized an average natural gas price of \$2.59 per Mcf, an increase of 4 percent over 2024. The increase compared to 2024 was largely attributable to the inclusion of higher-priced volumes from the Central block following the Acquisition. Central block realized prices averaged approximately \$2.75 per Mcf from the acquisition date through December 31, 2025. For the full 2025 year, the average Central block natural gas price before related fees was approximately \$5.00 per Mcf, reflecting the strength of the global benchmarks linked to the Atlantic LNG marketing stream.

Petroleum and Natural Gas Sales

(\$000's unless otherwise stated)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Crude oil	4,998	7,531	(34)	23,591	30,317	(22)
NGLs	1,150	688	67	3,388	3,331	2
Natural gas	4,853	5,324	(9)	18,838	23,822	(21)
P&NG sales	11,001	13,543	(19)	45,817	57,470	(20)
Sales mix						
Crude oil and liquids (%)	56	61		59	59	
Natural gas (%)	44	39		41	41	

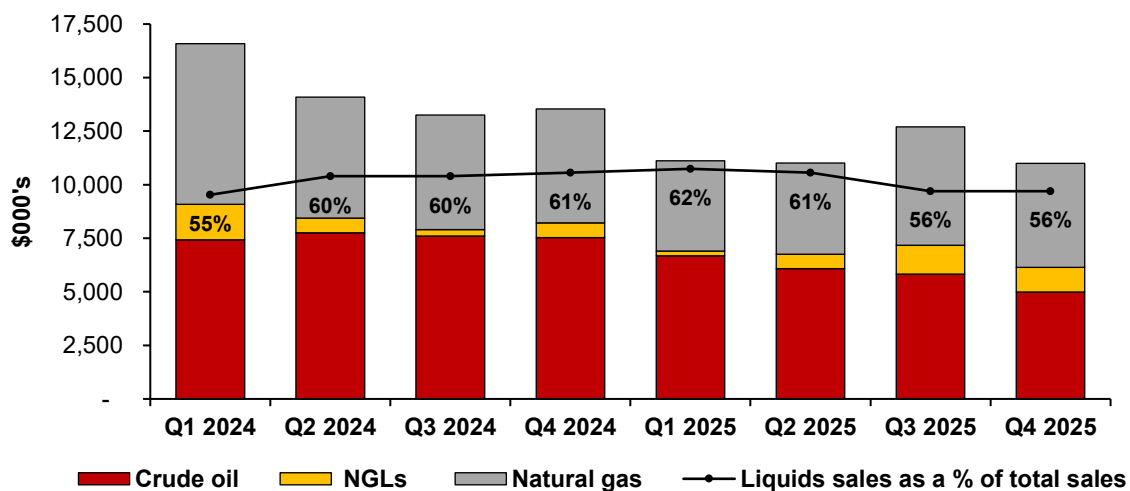
P&NG sales totaled \$11,001,000 in the fourth quarter of 2025, representing a 19 percent decrease from \$13,543,000 in the same period of 2024. The decline was primarily attributable to lower realized crude oil and liquids prices and reduced crude oil volumes.

- Crude oil sales decreased by \$2,533,000, driven by a \$1,807,000 reduction from lower sales volumes and a \$726,000 decrease due to lower realized pricing.
- NGL sales totalled \$1,150,000, an increase of \$462,000. A \$1,667,000 increase resulting from higher production volumes (primarily from the Central field) was partially offset by a \$1,205,000 reduction from lower realized pricing.
- Natural gas sales decreased by \$471,000, reflecting a \$548,000 decrease in sales volumes, partially offset by a \$77,000 increase from higher realized pricing.

For the year ended December 31, 2025, P&NG sales totaled \$45,817,000, a 20 percent decline from \$57,470,000 in 2024. The year-over-year decline was primarily attributable to lower crude oil and natural gas volumes and decreased crude oil and liquids realized prices.

- Crude oil sales declined by \$6,726,000, split between a \$3,369,000 decrease due to reduced sales volumes and a \$3,357,000 reduction from lower realized pricing.
- NGL sales increased by \$57,000, as a \$3,622,000 increase from higher production volumes was largely offset by a \$3,565,000 decline driven by lower realized prices.
- Natural gas sales declined by \$4,984,000, primarily driven by a \$5,785,000 reduction from lower sales volumes, which was partially offset by an \$801,000 increase from higher realized pricing.

Petroleum and Natural Gas Sales



Royalty Expense

(\$000's unless otherwise stated)	Three months ended			Year ended December 31,		
	2025	2024	% change	2025	2024	% change
State royalties	2,081	1,692	23	6,312	7,142	(12)
Overriding royalties	1,096	1,479	(26)	5,053	6,556	(23)
Private royalties	31	34	(9)	151	178	(15)
Royalty expense	3,208	3,205	-	11,516	13,876	(17)
\$ per boe ⁽¹⁾	7.15	6.59	8	6.73	6.61	2
As a % of P&NG sales ⁽¹⁾	29.2	23.7	23	25.1	24.1	4

Note:

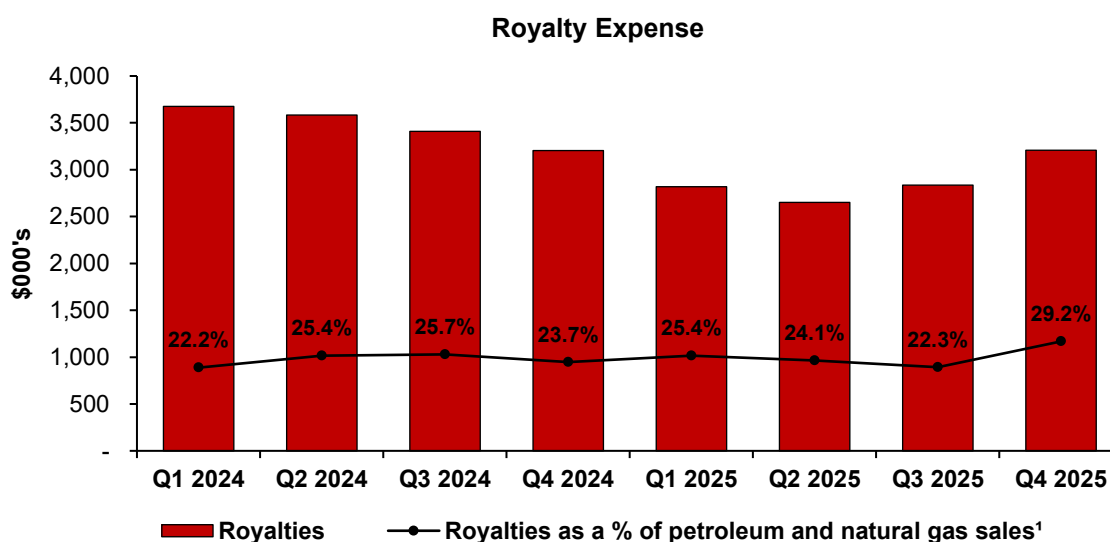
(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP and Other Financial Measures" section of this MD&A.

For the three months ended December 31, 2025, total royalty expenses were consistent with those incurred in the same period in 2024. For the year ended December 31, 2025, total royalty expenses decreased by 17% compared to the prior year.

The 2025 variances include a \$652,000 increase related to state impost fees for the 2024 and 2025 fiscal years, which were invoiced and recorded in the fourth quarter of 2025. These state impost fees effectively tripled in comparison to the fees charged in 2023.

On a per boe basis and as a percentage of P&NG sales, royalty expenses (normalized for the impost charge) decreased relative to 2024. This fundamental improvement in the Company's royalty profile was driven by:

- Production mix shift: A greater proportion of total production was derived from the Central property, which incurs only state royalties, rather than the complex multi-tiered structures of the legacy oil blocks.
- Lower crude oil volumes: Legacy crude oil volumes, which are subject to both state royalties and higher rate overriding royalties payable to Heritage, decreased as a percentage of the total production base.
- Price sensitivity: As average realized prices for crude oil declined, the sliding-scale components of the overriding royalty rates were lower compared to the prior year.



Note:

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

Operating Expense

(\$000's except per boe amounts)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Operating expense	3,577	3,446	4	13,037	10,704	22
\$ per boe ⁽¹⁾	7.97	7.09	12	7.62	5.10	49

Note:

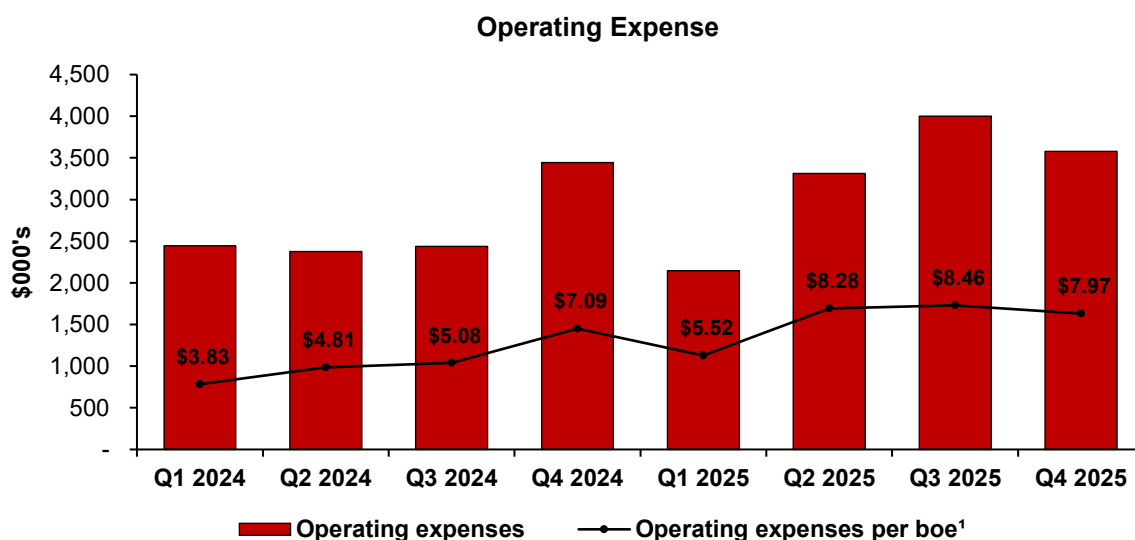
(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP and Other Financial Measures" section of this MD&A.

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

For the three months ended December 31, 2025, operating expenses totaled \$3,577,000, an increase of 4 percent compared to the same period in 2024. The variance was primarily driven by the Central block integration, which contributed incremental expenses of approximately \$1,222,000. Operating expenses for legacy crude oil properties were approximately \$1,750,000, a decrease of \$985,000 from the prior year. This reduction was largely due to a one-time \$477,000 adjustment to historical LOA head licence expenses recorded in 2024 and lower well service activity. Expenses related to the Ortoire block were approximately \$605,000, reflecting a modest decrease of \$106,000 from the fourth quarter of 2024.

On an annual basis, operating expenses increased by 22 percent compared to 2024. This increase was primarily attributable to approximately \$3,361,000 in incremental costs associated with Central field production following the acquisition in the second quarter of 2025. Ortoire field operating expenses were approximately \$2,745,000, representing an increase of \$334,000 over the prior year. These increases were partially offset by a reduction of approximately \$1,362,000 in legacy crude oil operating expenses, driven by ongoing efficiency initiatives, decreased activity in mature fields, and the non-recurrence of the prior year head licence adjustment.

Operating expenses increased to \$7.97 per boe in the fourth quarter of 2025 and \$7.62 per boe for the full year. While the Company achieved significant cost reductions in its legacy crude oil portfolio, the consolidated per-unit metrics were impacted by the addition of the Central field cost base and the overall 18 percent decline in annual production volumes, which reduced the base over which fixed field costs were distributed.



Note:

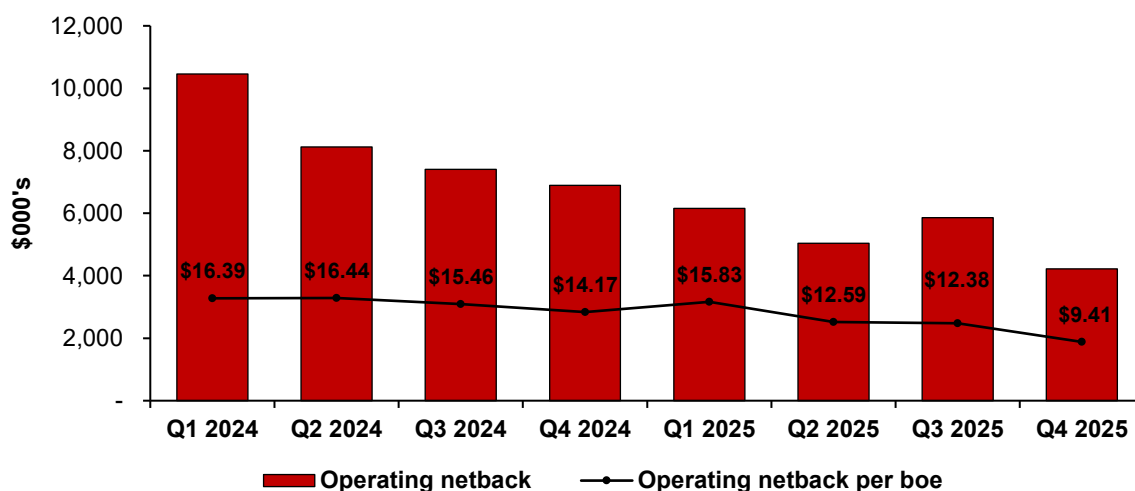
(1) Supplementary financial measure. Refer to the "Advisories - Non-GAAP and Other Financial Measures" section of this MD&A.

Operating Netback

	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
(\$000's)						
P&NG sales	11,001	13,543	(19)	45,817	57,470	(20)
Royalty expense	(3,208)	(3,205)	-	(11,516)	(13,876)	(17)
Operating expense	(3,577)	(3,446)	4	(13,037)	(10,704)	22
Operating netback⁽¹⁾	4,216	6,892	(39)	21,264	32,890	(35)

	Three months ended December 31,			Year ended December 31,		
	2025	2024	% change	2025	2024	% change
(\$/boe)						
Realized commodity price ⁽¹⁾	24.53	27.85	(12)	26.79	27.39	(2)
Royalty expense ⁽¹⁾	(7.15)	(6.59)	8	(6.73)	(6.61)	2
Operating expense ⁽¹⁾	(7.97)	(7.09)	12	(7.62)	(5.10)	49
Operating netback⁽¹⁾	9.41	14.17	(34)	12.44	15.68	(21)

Operating Netback⁽¹⁾



Note:

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

General and Administration ("G&A") Expense

(\$000's except per boe amounts)	Three months ended December 31,			Year ended December 31,		
	2025	2024	% change	2025	2024	% change
Gross G&A expense	2,190	2,596	(16)	10,187	10,614	(4)
Capitalized G&A expense	(90)	(158)	(43)	(370)	(460)	(20)
G&A expense	2,100	2,438	(14)	9,817	10,154	(3)
\$ per boe ⁽¹⁾	4.68	5.01	(7)	5.74	4.84	19

Note:

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

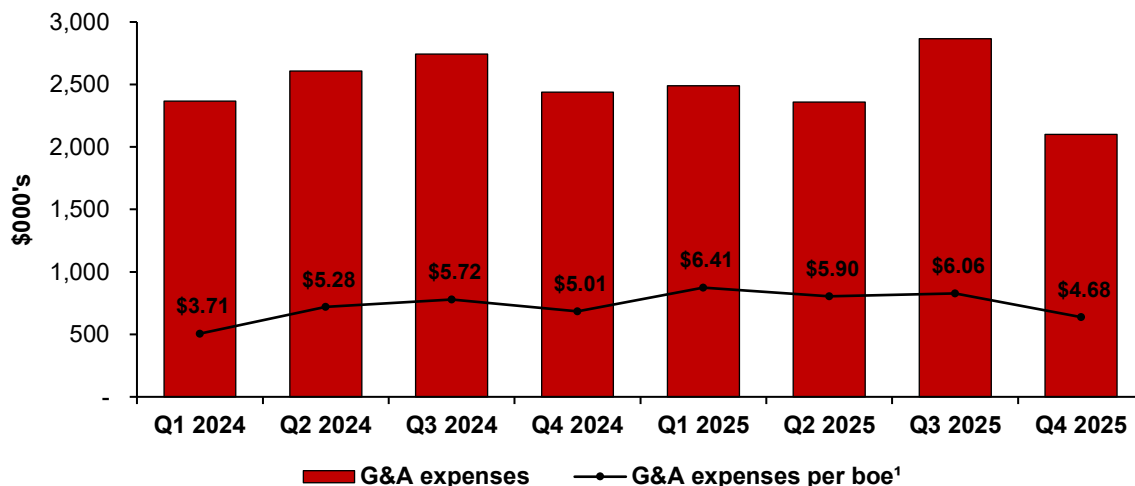
Gross G&A expenses for the three months ended December 31, 2025 totaled \$2,190,000, representing a 16 percent decrease compared to the same period in 2024. The decrease was primarily driven by lower salaries and benefits, reduced rig security, and lower travel expenses.

For the year ended December 31, 2025, gross G&A expenses totaled \$10,187,000, a 4 percent decrease from \$10,614,000 in 2024. The decline reflected favourable adjustments to salaries and benefits, lower travel expenses and reduced rig supervision costs. These savings were partially offset by higher information technology expenditures related to cybersecurity initiatives and increased legal fees associated with the cancelled private placement.

Capitalized G&A expenses declined in the three months and year ended December 31, 2025, compared to the same periods in 2024, reflecting a reduction in employee time allocated to capital activities consistent with the timing of the Company's work programs.

On a per boe basis, G&A expenses decreased by 7 percent in the fourth quarter of 2025 compared to 2024, as a 14 percent reduction in total G&A expenses offset an 8 percent decline in production volumes. On an annual basis, per boe G&A expenses increased from \$4.84 to \$5.74, as a 3 percent reduction in total G&A expenses was offset by an 18 percent decrease in annual production volumes.

General and Administration Expense



Note:

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

Net Finance Expense

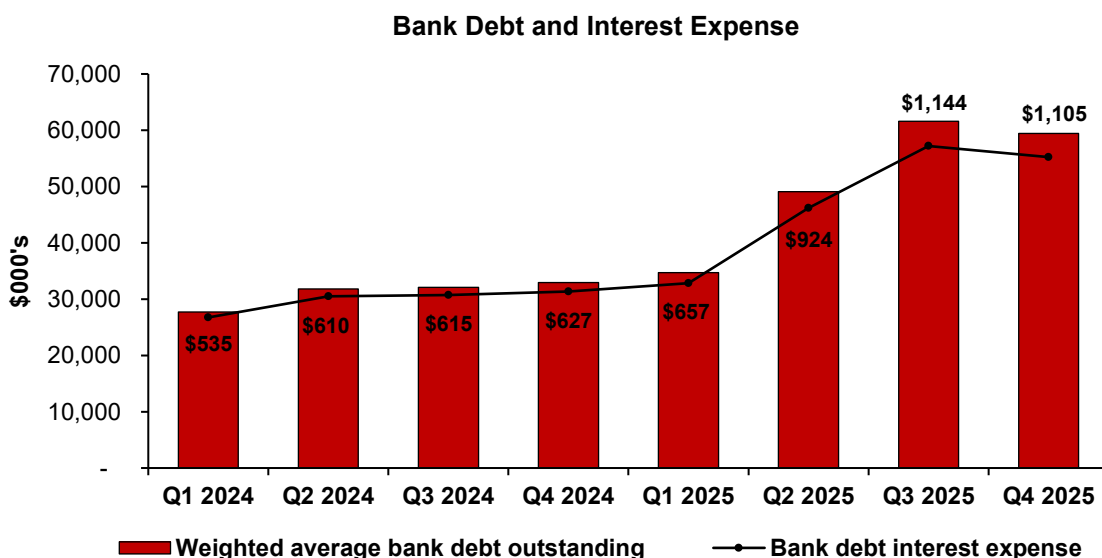
(\$000's except per boe amounts)	Three months ended December 31,			Year ended December 31,		
	2025	2024	% change	2025	2024	% change
Interest income	(17)	-	n/a	(107)	(20)	100
Finance lease interest income	(4)	(5)	(20)	(18)	(26)	(31)
Lease liability interest expense	113	145	(22)	499	415	20
Bank debt interest expense	1,105	627	76	3,830	2,387	60
Debenture interest expense	158	-	n/a	250	-	n/a
Debenture issuance expense	-	-	-	167	-	n/a
Debenture revaluation gain	(1,627)	-	n/a	(1,627)	-	n/a
Accretion on bank debt	66	26	100	507	67	100
Accretion on decommissioning liabilities	99	60	65	345	226	53
Other	(64)	(50)	28	56	(31)	n/a
Net finance (income) expense	(171)	803	n/a	3,902	3,018	29
Cash net finance expense ⁽¹⁾	1,365	768	78	4,590	2,775	65
Non-cash net finance (income) expense ⁽¹⁾	(1,536)	35	n/a	(688)	243	n/a
Net finance (income) expense	(171)	803	n/a	3,902	3,018	29
\$ per boe ⁽¹⁾	(0.38)	1.65	n/a	2.28	1.44	58

Note:

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

The Company recorded net finance income of \$171,000 in the fourth quarter of 2025, compared to a net expense of \$803,000 in the same period of 2024. Cash finance expenses totaled \$1,365,000, up \$597,000 or 78 percent from the prior year. This was primarily due to higher interest on bank debt, reflecting an 81 percent increase in the weighted average bank debt, which grew from \$32.9 million in the fourth quarter of 2024 to \$59.5 million. Non-cash finance expenses shifted to an income position of \$1,536,000 largely due to a \$1,627,000 gain on the revaluation of the Company's Debenture.

For the year ended December 31, 2025, net finance expenses totaled \$3,902,000, a 29 percent increase compared to \$3,018,000 in 2024. Cash finance expenses increased 65 percent, or \$1,815,000, attributed to the higher average bank debt levels and the inclusion of interest from the Debenture issued in August 2025. Non-cash finance items resulted in net income of \$688,000 for the year, primarily reflecting the Debenture revaluation, which significantly offset higher accretion on decommissioning liabilities and bank debt recorded in 2025.



Further details regarding the Company's bank debt and Debenture are provided in the "*Liquidity and Capital Resources*" section of this MD&A.

Transaction Expense

For the year ended December 31, 2025, the Company incurred \$471,000 in legal, advisory, and due diligence costs specifically related to the Acquisition.

During the three months and year ended December 31, 2024, the Company incurred \$15,000 and \$1,957,000 in transaction expenses related to a major acquisition that was ultimately terminated. In addition, Touchstone incurred \$66,000 in preliminary transaction costs associated with the Acquisition during the three months and year ended December 31, 2024.

Exploration Expense

Touchstone incurred \$14,000 and \$58,000 in exploration expenses during the three months and year ended December 31, 2025, respectively (2024 - \$17,000 and \$248,000). 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. The parent company's functional currency is the Canadian dollar, while its Trinidadian subsidiaries utilize the Trinidad and Tobago dollar as their functional currencies.

The following table summarizes the applicable foreign exchange ("FX") rates used to translate the Company's C\$ and TT\$ denominated items.

Applicable FX rates	Three months ended			Year ended December 31,		
	December 31, 2025	December 31, 2024	% change	December 31, 2025	December 31, 2024	% change
US\$:C\$ average FX rate ⁽¹⁾	1.394	1.399	-	1.398	1.370	2
US\$:TT\$ average FX rate ⁽²⁾	6.748	6.750	-	6.749	6.749	-
	December 31, 2025	September 30, 2025	% change	December 31, 2025	December 31, 2024	% change
US\$:C\$ closing FX rate ⁽¹⁾	1.372	1.392	(1)	1.372	1.440	(5)
US\$:TT\$ closing FX rate ⁽²⁾	6.771	6.755	-	6.771	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.

Income statement impact

The revenues and expenses of 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 C\$ to US\$ and the TT\$ to US\$ could have a material effect on the Company's reported results. Refer to the "Market Risk Management - Foreign currency risk" section of this MD&A for further information.

During the three months and year ended December 31, 2025, the C\$ remained steady and depreciated 2 percent against the US\$ on an average basis compared to the corresponding 2024 periods, respectively. Relative to the US\$, the TT\$ remained within a stable range during the three months and years ended December 31, 2025 and 2024. Touchstone recorded a foreign exchange loss of 224,000 during the three months ended December 31, 2025 (2024 - gain of 105,000) and a foreign exchange gain of 39,000 for the year ended December 31, 2025 (2024 - gain of 54,000). 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.

Balance sheet impact

The assets and liabilities of the 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\$, the C\$ closed 1 percent stronger on December 31, 2025 versus September 30, 2025, and 5 percent stronger in comparison to December 31, 2024. As of December 31, 2025, the TT\$ remained stable relative to the US\$ over the corresponding periods. As a result, the Company recognized a foreign currency translation gain of \$75,000 during the three months ended December 31, 2025 (2024 - loss of \$483,000) and recognized a foreign currency translation loss of \$158,000 for the year ended December 31, 2025 (2024 - loss of \$758,000).

Share-based Compensation

Plan overview

The Company provides share-based incentive compensation to directors, officers and employees to align their interests with those of shareholders. Currently, the Company administers the Omnibus Incentive Compensation Plan (the "Omnibus Plan"), adopted in June 2023, while maintaining a Legacy Stock Option Plan (the "Legacy Plan"). Since the adoption of the Omnibus Plan, no further grants have been or will be made under the Legacy Plan. No stock options were granted during the years ended December 31, 2024 and 2025.

Non-employee directors are eligible to participate in a deferred share unit ("DSU") plan. While DSUs vest immediately upon grant, they are redeemable only for cash when the director ceases to be a member of the Board.

For a full description of the Company's share-based compensation plans, please refer to Note 20 "Share-based Compensation Plans" of the audited financial statements.

Outstanding awards

The following table summarizes outstanding share awards for the for the years ended December 31, 2025 and 2024.

<i>(number of share awards outstanding)</i>	RSUs	PSUs ⁽¹⁾	DSUs
Issued and outstanding, January 1, 2024	-	-	-
Granted	1,447,780	1,397,780	977,332
Issued and outstanding, December 31, 2024	1,447,780	1,397,780	977,332
Granted	3,537,139	3,423,974	1,476,424
Settled in cash	(469,574)	-	-
Forfeited	(670,236)	(738,445)	-
Issued and outstanding, December 31, 2025	3,845,109	4,083,309	2,453,756

Note:

(1) PSU figures are presented based on the number of notional units granted, before application of any performance multiplier.

Share-based compensation expense

The following table summarizes share-based compensation expense recognized for the three months and years ended December 31, 2025 and 2024.

<i>(\$000's)</i>	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Equity-settled (stock options)	2	165	(99)	246	1,133	(78)
Cash-settled (share awards)	(232)	(21)	100	(8)	528	n/a
Capitalized expense	(5)	(16)	(69)	(31)	(72)	(57)
Share-based compensation (recovery) expense	(235)	128	n/a	207	1,589	(87)

The Company recognized a share-based compensation recovery of \$235,000 and an expense of \$207,000 during the three months and year ended December 31, 2025, respectively, representing significant decreases from the prior year periods. The year-over-year decrease was primarily due to the transition away from stock option grants and the mark-to-market impact of the Company's share price on cash-settled awards.

Equity-settled expense: Expenses related to stock options declined significantly in 2025 compared to the prior year. The reduction was primarily attributable to the absence of new option grants in 2024 and 2025, alongside the forfeiture of unvested options from departing personnel.

Cash-settled expense: RSUs, PSUs, and DSUs are currently accounted for as cash-settled liabilities. These awards are revalued at each reporting date based on the Company's period-end closing share price, with the expense recognized over the respective vesting periods. During the fourth quarter of 2025, the Company recorded a net cash-settled recovery of \$232,000. While vesting and new grants contributed \$117,000 in expense, this was more than offset by a \$349,000 reduction in the underlying liability resulting from a decrease in the Company's share price between September 30, 2025, and December 31, 2025. On an annual basis, a total cash-settled recovery of \$8,000 was recorded. Similar to the quarterly trend, annual vesting and grant charges of \$695,000 were offset by a share-price-driven liability reduction of \$703,000.

As at December 31, 2025, the Company share-based compensation liability was \$429,000, of which \$303,000 was classified as current and included in accounts payable and accrued liabilities (2024 - \$500,000 and \$383,000, respectively).

Depletion and Depreciation Expense

(\$000's except per boe amounts)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Depletion expense	3,158	2,715	16	11,556	7,622	52
Depreciation expense	231	236	(2)	929	1,879	(51)
Depletion and depreciation expense	3,389	2,951	15	12,485	9,501	31
Depletion expense per boe ⁽¹⁾	7.04	5.58	26	6.76	3.63	86

Note:

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

Depletion expense

The Company's P&NG development assets included in property, plant and equipment ("PP&E") are depleted using the unit-of-production method based on total proved plus probable reserves. The depletion base includes the net carrying value of producing assets plus estimated future development costs ("FDC") required to bring those reserves into production. As at December 31, 2025, FDC of \$167.1 million were included in the depletion calculation (2024 - \$168.0 million).

For the three months and year ended December 31, 2025, depletion expense increased by \$443,000 and \$3,934,000, respectively, compared to the prior year. These variances were primarily driven by:

- Acquisition: The inclusion of the Central field, acquired in May 2025, contributed incremental depletion of \$1,329,000 and \$3,984,000 for the three months and year ended December 31, 2025, respectively.
- Reserves revisions: The 2025 depletion rate reflected the impact of an overall reduction in corporate reserves volumes driven primarily by a reduction at the Cascadura field following the December 31, 2025 independent reserves evaluation.
- Production mix: These increases were partially offset by lower production volumes at Cascadura during the 2025 periods compared to 2024.

On a per boe basis, 2025 depletion expense increased by \$1.46 per boe (26 percent) for the fourth quarter and \$3.13 per boe (86 percent) for the full year. In addition to the factors noted above, the per-unit metrics were impacted by year-over-year production declines of 8 percent and 18 percent for the respective periods.

Depreciation expense

Depreciation expense for the three months and year ended December 31, 2025, decreased by 2 percent and 51 percent, respectively compared to the same periods of 2024. The decreases were primarily attributable to lower net asset carrying values associated with lease right-of-use assets.

Impairment of Non-financial Assets

The Company reviews its non-financial assets, including exploration and evaluation ("E&E") assets and P&NG development assets within PP&E, for indicators of impairment or reversal at each reporting date. Impairment is recognized when the carrying value of a cash-generating unit ("CGU") exceeds its recoverable amount, which is determined as the higher of value in use or fair value less costs of disposal.

E&E asset impairment

During the three months and year ended December 31, 2025, no E&E asset impairment expenses or reversals were recorded.

In the comparative 2024 periods, the Company recorded E&E asset impairment expenses of \$2,303,000 and \$2,322,000, respectively. These charges primarily related to the Royston area of the Ortoire block, where certain exploration costs were impaired following Management's realignment of long-term capital priorities at that time.

PP&E impairment

The following table summarizes PP&E impairment expense (reversal) by CGU for the three months and years ended December 31, 2025 and 2024.

CGU (\$000's)	Three months ended December 31,			Year ended December 31,		
	2025	2024	% change	2025	2024	% change
CO-2	-	-	-	-	474	n/a
Coho	-	(137)	n/a	-	(137)	n/a
PP&E impairment (reversal) expense	-	(137)	n/a	-	337	n/a

2025 Assessment

As at December 31, 2025, the Company identified indicators of impairment for the Cascadura CGU due to a material decrease in assigned reserves volumes as reported in the year-end independent reserves evaluation. Consequently, the Company performed an impairment test using a value in use calculation. The results indicated that the \$80.0 million estimated recoverable amount of the CGU exceeded its \$47.3 million carrying value (net of associated deferred income tax liabilities); therefore, no impairment was required.

2024 Assessment

A pre-tax impairment reversal of \$137,000 was recognized at year-end 2024 relating to the Coho CGU. Although reserves reductions were identified as an indicator for the Coho and Cascadura CGUs, impairment testing confirmed that recoverable amounts exceeded their carrying values, permitting a partial reversal of a previously recorded 2023 impairment charge at Coho.

A pre-tax impairment expense of \$474,000 was recorded on March 31, 2024, in connection with the classification of the CO-2 property as held for sale. The property was subsequently sold effective August 1, 2024 (refer to the "Capital Acquisitions and Dispositions" section of this MD&A).

Critical accounting estimates and judgements

Calculating E&E asset and P&NG development asset CGU recoverable amounts involves several assumptions and estimates which are subject to estimation uncertainty, as well as a significant degree of judgement. The estimated recoverable amounts of Touchstone's PP&E CGUs at December 31, 2025 and 2024 were determined using value in use calculations incorporating discounted after-tax cash flows of proved plus probable reserves using forward crude oil and natural gas prices and cost estimates as assessed by the Company's independent qualified reserves evaluator. Discounted future cash flows for each CGU were determined by applying an after-tax 25 percent discount rate (2024 - 20 percent). Inputs used in the measurement of estimated recoverable amounts were not based on market data and fall within Level 3 of the fair value hierarchy.

Given the volatility of commodity prices and the inherent uncertainty in reserves estimations, the Company remains exposed to future impairments or reversals. Changes in any of the key judgements, such as revisions in reserves, forecasted production, forecasted commodity prices, inflation rates, operating and future development expenditures, future tax rates and/or after-tax discount rates would impact the estimated recoverable amounts.

For further information regarding impairments and related measurement uncertainty, refer to Note 10 "Impairment" of the audited financial statements.

Income Taxes

Current income tax expense

(\$000's except per boe amounts)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Petroleum profits tax	71	(127)	n/a	970	6	100
Unemployment levy	7	(50)	n/a	97	1	100
Other taxes	87	268	(68)	455	1,154	(61)
Current income tax expense	165	91	81	1,522	1,161	31
\$ per boe ⁽¹⁾	0.37	0.19	95	0.89	0.55	62

Note:

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

For the three months and year ended December 31, 2025, current income tax expenses were \$165,000 and \$1,522,000, respectively. The year-over-year increases in petroleum profits tax and unemployment levy were primarily driven by taxable profits generated from the newly acquired subsidiary associated with the Central block assets. These increases were partially offset by a 61 percent annual reduction in other taxes, which primarily reflected a decrease in withholding taxes on intercompany transactions.

On a per boe basis, current income tax expense increased to \$0.37 for the fourth quarter and \$0.89 for the full year 2025. These increases reflected the higher effective tax rate of the acquired profitable production base, combined with lower production volumes in 2025.

While the Company continues to utilize available tax pools to shelter income where applicable, the addition of the Central block assets has resulted in a more immediate current tax liability relative to the Company's legacy exploration-heavy profile.

Deferred income tax

As at December 31, 2025, the Company reported a net deferred income tax liability balance of \$23,605,000 (2024 - \$17,924,000). This balance represented the estimated future tax consequences attributable to

temporary differences between the financial statement carrying amounts of assets and liabilities and their respective underlying tax bases. The liability position was primarily driven by the discrepancy between the carrying values of the Company's P&NG development assets and their tax values, including \$18,360,000 in deferred income tax liabilities recognized in connection with the Acquisition.

For the three months and year ended December 31, 2025, the Company recognized deferred income tax recoveries of \$9,548,000 and \$12,612,000, respectively, compared to recoveries of \$1,227,000 and \$3,405,000 in the same periods of 2024. These recoveries were primarily attributable to deferred income tax assets recognized in connection with intercompany interest and non-capital losses, partially offset by the widening variance between the carrying amounts of PP&E and decommissioning liabilities relative to their tax bases. As the Company continues to recognize depletion and depreciation for accounting purposes at a different rate than tax capital allowances, these temporary differences fluctuate accordingly.

The recognition of deferred tax assets and liabilities requires significant Management judgment regarding the probability of realizing future taxable profits. As the Company continues its development program in the Ortoire and Central blocks, these temporary differences are expected to fluctuate in line with capital spending and production rates.

Further information regarding current and deferred income taxes is included in Note 21 "Income Taxes" of the audited financial statements.

Net Income (Loss)

The Company reported net income of \$13,621,000 (\$0.04 per basic and diluted share) in the fourth quarter of 2025, compared to a net loss of \$542,000 (\$0.00 per basic share) in the same period of 2024.

For 2025, Touchstone recorded net income of \$10,888,000 (\$0.04 per basic and diluted share), an increase from the \$8,272,000 (\$0.04 per basic and \$0.03 per diluted share) reported in 2024.

The following table sets forth details of the change in net income (loss) from the three months and year ended December 31, 2024 to the three months and year ended December 31, 2025.

(\$000's)	Three months ended December 31,	Year ended December 31,
Net (loss) income – 2024	(542)	8,272
Cash items		
Funds flow from operations	(2,991)	(11,377)
Decommissioning expenditures	-	(19)
Cash variances	(2,991)	(11,396)
Non-cash items		
Non-cash finance expense	1,571	931
Gain on asset disposition	5,085	2,768
Unrealized foreign exchange	86	49
Share-based compensation expense	363	1,382
Depletion and depreciation expense	(438)	(2,984)
Impairment	2,166	2,659
Deferred income tax	8,321	9,207
Non-cash variances	17,154	14,012
Net income – 2025	13,621	10,888

Cash From Operating Activities

The following table reconciles the change in cash from operating activities from the three months and year ended December 31, 2024 to the three months and year ended December 31, 2025.

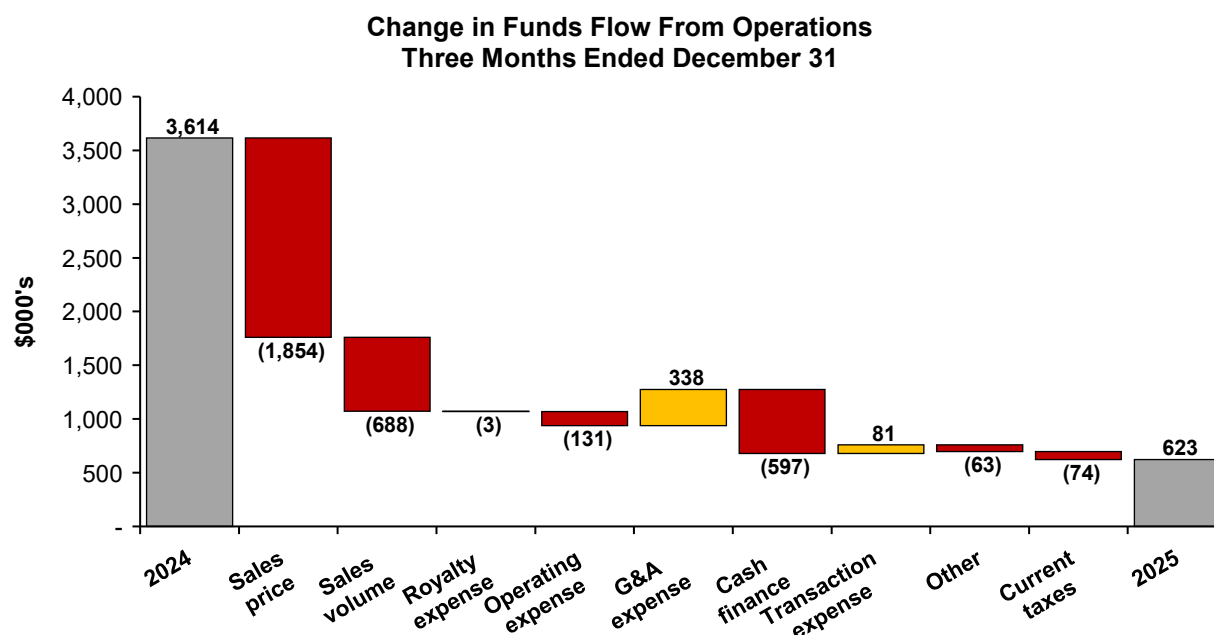
(\$000's)	Three months ended December 31,	Year ended December 31,
Cash from operating activities – 2024	822	13,181
Decrease in funds flow from operations	(2,991)	(11,377)
Net change in non-cash working capital	12,072	18,326
Cash from operating activities – 2025	9,903	20,130

Funds Flow From Operations

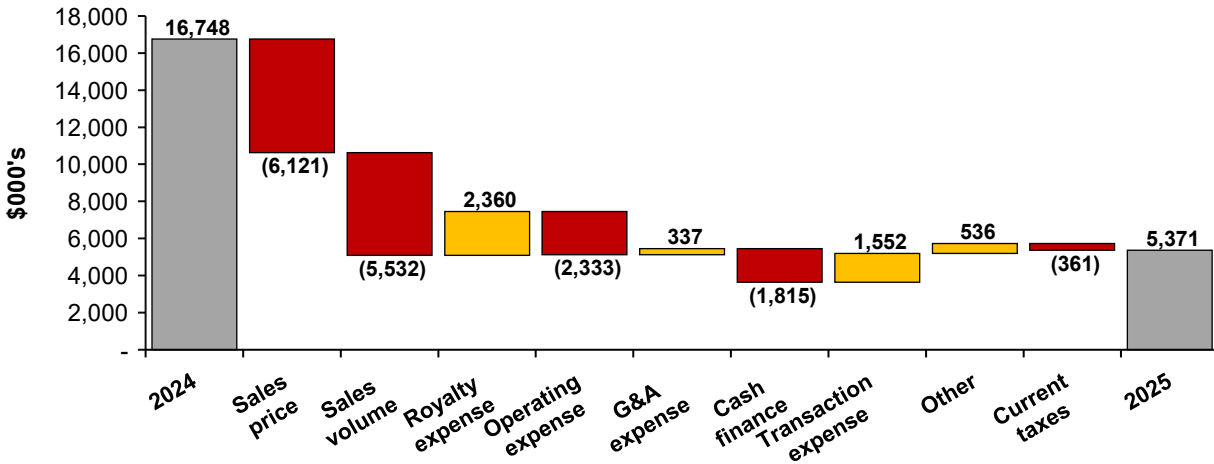
Funds flow from operations is included in the Company's consolidated statements of cash flows. Touchstone considers funds flow from operations to be a key measure of operating performance as it demonstrates the Company's ability to generate the funds necessary to finance capital expenditures and repay 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 \$623,000 in the fourth quarter of 2025, a decrease of \$2,991,000 from \$3,614,000 recorded in the same period of 2024. On an annual basis, funds flow from operations was \$5,371,000 in 2025, compared to \$16,748,000 in 2024. Relative to the corresponding 2024 periods, the decline primarily reflected lower operating netbacks, higher cash finance expenses, and increased current income taxes, partially offset by lower G&A and transaction expenses.

The following graphs summarize the changes in funds flow from operations from the three months and year ended December 31, 2024 to the three months and year ended December 31, 2025.



Change in Funds Flow From Operations Year Ended December 31



Net Income and Funds Flow From Operations Sensitivity

The following table illustrates the sensitivities of operating items to operational and business environment changes, based on the estimated impact to net income and funds flow from operations for the year ended December 31, 2025.

Variable	Assumption ⁽¹⁾	Change	Impact on net income ⁽²⁾ (\$000's)	Impact on funds flow from operations ⁽²⁾ (\$000's)
Business environment				
Crude oil price (\$/bbl) ⁽³⁾	59.45	+10%	704	1,319
Crude oil price (\$/bbl) ⁽³⁾	59.45	-10%	(770)	(1,545)
NGL price (\$/bbl) ⁽³⁾	33.67	±10%	136	160
Natural gas price (\$/Mcf) ⁽³⁾⁽⁴⁾	2.75	±0.10%	247	247
Bank debt interest rate (%) ⁽⁵⁾	7.37	+0.50 bps	(144)	(193)
Bank debt interest rate (%) ⁽⁵⁾	7.37	-0.50 bps	139	177
Common share price (C\$) ⁽⁶⁾	0.135	±C\$0.05	(158)	-
Operational				
Crude oil production (bbls/d)	1,087	+5%	119	575
Crude oil production (bbls/d)	1,087	-5%	(148)	(676)
Natural gas and NGL production (boe/d)	3,599	±5%	58	707
Royalty expense (\$/boe) ⁽³⁾	6.73	+5%	(285)	(541)
Royalty expense (\$/boe) ⁽³⁾	6.73	-5%	268	481
Operating expense (\$/boe) ⁽³⁾	7.62	+5%	(318)	(560)
Operating expense (\$/boe) ⁽³⁾	7.62	-5%	307	520
G&A expense (\$/boe) ⁽³⁾	5.74	+5%	(328)	(460)
G&A expense (\$/boe) ⁽³⁾	5.74	-5%	322	442

Notes:

- (1) Assumptions reflect actual results for the year ended December 31, 2025.
- (2) Calculations are performed independently for each variable and will not be indicative of actual results that would occur when multiple variables change concurrently. Estimates were calculated prior to any impact of non-financial asset impairment tests.
- (3) Supplementary financial measure. See the "Advisories - Non-GAAP and Other Financial Measures" section of this MD&A for further information.
- (4) Reflects estimated changes in realized pricing for the Central field only. Realized prices for Ortoire field production volumes are governed by a fixed-price contract and were thus excluded from the analysis.
- (5) Excludes the Company's fixed interest rate Term Loan Facility 1 (as defined herein).
- (6) Reflects the revaluation of cash-settled share-based compensation liabilities.

Capital Expenditures

E&E Asset Expenditures

E&E asset expenditures consist of asset additions in areas determined to be in the exploration phase, including the Company's interests in the Charuma, Cipero, Ortoire and Rio Claro blocks.

(\$000's)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Licence financial obligations	396	426	(7)	1,551	973	59
Geological and geophysical	232	-	n/a	297	-	n/a
Drilling, completions and well testing	-	-	-	-	73	(100)
E&E asset expenditures	628	426	47	1,848	1,046	77

E&E investments for the three months and years ended December 31, 2025 and 2024 primarily reflected the minimum financial obligations required to maintain the Company's exploration licences. The year-over-year increase in fourth quarter and annual 2025 E&E spending was driven by increased licence obligations and geological and geophysical assessment work conducted across the exploration portfolio.

PP&E Expenditures

(\$000's)	Three months ended			Year ended December 31,		
	2025	December 31, 2024	% change	2025	2024	% change
Drilling and completions	6,572	1,556	100	25,671	14,299	80
Equipment and facilities	150	845	(82)	439	6,419	(93)
Capitalized G&A	90	158	(43)	370	460	(20)
Corporate and other	3	121	(98)	49	1,455	(97)
PP&E expenditures	6,815	2,680	100	26,529	22,633	17

PP&E expenditures for the fourth quarter of 2025 were \$6,815,000, representing a significant increase over the \$2,680,000 invested in the comparative 2024 period. On an annual basis, total PP&E expenditures increased by 17 percent to \$26,529,000, reflecting a strategic pivot toward active drilling and completion activities following the completion of major facility infrastructure in the prior year. This ramp-up in activity was primarily driven by the Company's development drilling program. During the year, the Company drilled the Cascadura-4ST2X and Cascadura-5 development wells, as well as the CR-3 development well on the Central property during the fourth quarter.

In 2024, the \$22,633,000 capital program was heavily focused on the infrastructure foundation for the Cascadura field. Key investments included the construction of the Cascadura B lease, completion of the flowline from the Cascadura C surface location to the natural gas processing facility, and significant plant upgrades. Drilling activity in 2024 was comprised of two Cascadura development wells and two development wells on the CO-1 block.

Capital Acquisitions and Dispositions

2025 Strategic Acquisition

On May 16, 2025, the Company completed the acquisition of 100 percent of the share capital of Shell Trinidad Central Block Limited for preliminary cash consideration of \$28.4 million. Results from these assets have been consolidated into the Company's financial statements since the closing date. This transaction significantly expands the Company's natural gas footprint and infrastructure capacity in the Herrera fairway. For further information, please refer to the "*Strategic Acquisition*" section of this MD&A.

2025 Disposition of Non-core Assets

Effective December 1, 2025, the Company closed the disposition of its 100 percent working interest in the Fyzabad MEEI lease and various private leases to a third-party, Trinidad-based operator.

- **Consideration:** The transaction was structured as an asset swap for services, where the purchaser committed to drilling three turnkey wells on the Company's WD-8 and WD-4 blocks. The Company remains responsible for providing certain ancillary drilling and completion equipment, while the purchaser assumes all primary drilling operations and costs.
- **Financial impact:** The Company recorded a gain on disposition of \$4,981,000 during the year ended December 31, 2025, based on a consideration value of \$2,303,000.
- **Strategic rationale:** Fyzabad was identified as non-core due to its high relative operating expenses, limited scalability, and significant decommissioning obligations. The property contributed average sales volumes of 48 bbls/d in 2025 (2024 - 59 bbls/d) with nominal operating netbacks.

This disposition aligned with the Company's strategy to focus on its core development assets, rationalize high-cost non-core operations, and redeploy resources toward higher-return projects.

2024 Acquisitions and Dispositions

During the prior year, the Company executed several transactions to streamline its portfolio.

Balata East asset swap

Effective June 1, 2024, the Company completed an asset swap, exchanging its 100 percent working interest in the non-core San Francique property for a 100 percent working interest in the Balata East block. The Company recorded a \$1,434,000 gain on the transaction, representing the excess of the \$237,000 in net assets acquired over the \$1,197,000 in net liabilities disposed (primarily decommissioning obligations).

CO-2 development property

Effective August 1, 2024, Touchstone disposed of its interest in the CO-2 lease operating agreement for aggregate consideration of \$1,066,000. This resulted in a pre-tax impairment expense of \$474,000 recognized on March 31, 2024, with no further gain or loss recorded on closing.

Cory Moruga exploration property

In September 2024, the Company disposed of a 16.2 percent non-operated interest in an exploration property. The consideration was the purchaser's assumption of \$779,000 in decommissioning and accrued liabilities, resulting in a gain on disposition of the same amount recorded during the year ended December 31, 2024.

For further details reading the Company's capital acquisitions and dispositions, refer to Note 7 "*Business Combination*", Note 8 "*Exploration and Evaluation Assets*" and Note 9 "*Property, Plant and Equipment*" of the audited financial statements.

Decommissioning Liabilities and Abandonment Funds

Decommissioning and reclamation liabilities represent the estimated future costs for site restoration, well abandonment, and equipment removal in accordance with Trinidadian environmental regulations. These estimates are reviewed quarterly and incorporate assumptions regarding abandonment costs, inflation, the timing of settlement, and historical production data.

Asset Abandonment Funding

Unlike many jurisdictions where decommissioning is unfunded, a significant portion of the Company's future obligations is supported by cash-collateralized funds held in escrow.

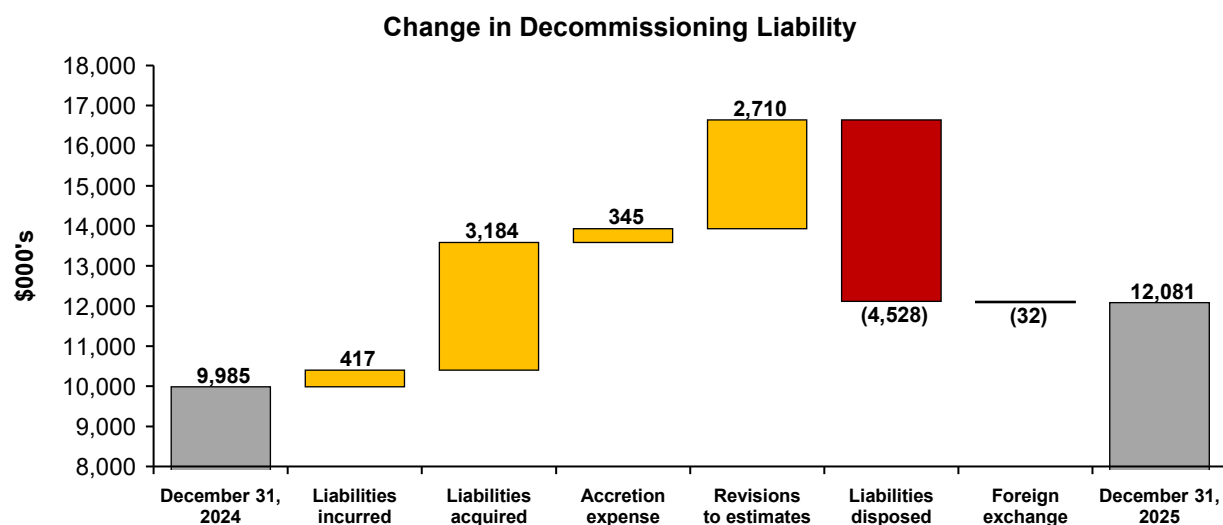
- MEEI escrow: Pursuant to licenses with the MEEI, the Company remits \$0.25 per boe sold into an escrow account. These funds are held as a contingency for remediation and final abandonment.
- Heritage abandonment funds: For wells operated under Heritage agreements, the Company is responsible for a proportional share of well abandonment costs based on cumulative production. The Company remits \$0.25 to \$1.00 per barrel sold into these funds.

As at December 31, 2025, The Company had \$9,478,000 of long-term abandonment fund assets (2024 - \$2,965,000), which included \$6,009,000 in abandonment fund assets acquired through the Acquisition.

Decommissioning Liabilities

Decommissioning liability details as at and during the year ended December 31, 2025 are summarized in the following table and graph.

Number of well locations (net)	Number of facility locations (net)	Undiscounted balance (\$000's)	Inflation adjusted balance (\$000's)	Discounted balance (\$000's)
384.50	4.85	15,532	18,181	12,081



The discounted net present value of the liability was \$12,081,000 at December 31, 2025, compared to \$9,985,000 at year-end 2024. The movement in the liability was primarily driven by:

- Acquisitions: \$3,184,000 in net liabilities assumed via the Central block Acquisition.
- Revisions to estimates: Primarily related to the adjustment of the risk-free discount rate used for decommissioning liabilities acquired in the Acquisition to align with the Company's year-end weighted average risk-free rate.
- Dispositions: A significant reduction of \$4,528,000 in liabilities resulting from the strategic disposition of the non-core Fyzabad property.
- Accretion: The Company recognized annual accretion expenses of \$345,000 (2024 - \$226,000) related to the passage of time.

As at December 31, 2025, the Company used a weighted average long-term risk-free rate of 5.7 percent and a long-term inflation rate of 2.1 percent to calculate the present value of these obligations (2024 - 5.5 percent and 1.9 percent, respectively).

Environmental stewardship remains a core value, and all abandonment and reclamation activities are made in a prudent, responsible manner with the oversight of the Board and in accordance with local regulations. Due to the long-term nature of these obligations, estimates are subject to significant uncertainties regarding both timing and cost. Further information is available in Note 15 "Decommissioning Liabilities and Abandonment Fund" of the audited financial statements.

Liquidity and Capital Resources

Liquidity

The Company's objective is to maintain a robust capital base to preserve investor, creditor, and market confidence while providing financial flexibility to sustain future business development. Touchstone defines its capital structure to include shareholders' equity, working capital, and interest-bearing debt.

The Company has historically financed exploration and development activities through a combination of funds flow from operations, shareholders' equity and bank debt. While the introduction of the Debenture has increased financial leverage and future interest obligations, it provides a strategic balance to the capital structure through potential equity conversion. Although the Debenture is classified as a current liability for accounting purposes, Management does not consider it a near-term cash liquidity risk, as it does not mature until August 2028.

As at December 31, 2025, the Company reported a cash balance of \$10,370,000, a working capital deficit of \$25,405,000, and principal long-term bank debt of \$44,964,000, with no remaining borrowing capacity under its revolving loan facility (refer to the "Bank Debt" section below). The working capital deficit was primarily driven by significant capital expenditures deployed throughout 2025, approximately \$12,786,000 in current bank debt, and the inclusion of the \$9,979,000 Debenture carrying value within current liabilities, despite its long-term maturity profile.

To address the current working capital deficit and enhance financial flexibility, the Company is actively pursuing a strategic recapitalization plan. This initiative may include renegotiating existing credit facilities to improve amortization terms and financial covenants, or the issuance of additional equity. Management expects liquidity to strengthen throughout 2026, supported by incremental production volumes from the CR-3 well (drilled in late 2025), strengthening LNG market pricing, and enhanced profitability following the integration of the Central block assets (refer to the "Liquidity and Going Concern" section of this MD&A).

The Company remains committed to a measured approach regarding future development and exploration expenditures, prioritizing liquidity management while executing its strategic objectives.

The following table summarizes changes in the Company's cash balance during the specified periods.

(\$000's)	Three months ended December 31, 2025	Year ended December 31, 2025
Net cash from (used in):		
Operating activities	9,903	20,130
Investing activities	(17,066)	(59,552)
Financing activities	4,816	42,977
Change in cash	(2,347)	3,555
Cash, beginning of period	12,685	6,744
Impact of FX on cash balances	32	71
Cash, end of period	10,370	10,370

Bank Debt

Overview

On May 12, 2025, the Company entered into a Fourth Amended and Restated Loan Agreement (the "Loan Agreement") with its existing Trinidad-based lender. The amended agreement included:

- 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 year; and
- a two-year extension of the maturity date of the existing \$10 million 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. The proceeds were used to finance the Acquisition and satisfy obligations under the amended lending arrangements.

As at December 31, 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"), a \$30 million non-revolving term loan (Term Facility 3), and a \$10 million revolving loan facility pursuant to the Loan Agreement.

As at December 31, 2025, outstanding principal balances totaled \$57.75 million, and there was no remaining available credit capacity under the revolving facility. Details of the facilities 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% per annum	6.08% through April 30, 2026 – reset annually	8.21% through May 11, 2026 – reset annually	6.09% 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% 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% 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
Dec. 31, 2025 principal balance	\$9,000,000	\$8,750,000	\$30,000,000	\$10,000,000
Dec. 31, 2025 available credit capacity	\$nil	\$nil	\$nil	\$nil

Security and general covenants

The Loan Agreement is principally secured by a first-ranking pledge of equity interests and fixed and floating security interests over all present and after-acquired assets of the Company's Trinidad exploration and production subsidiaries.

The Loan Agreement contains customary representations, warranties, affirmative and negative covenants, events of default, and financial covenant requirements. A breach of any covenant constitutes an event of default, upon which the lender may declare outstanding principal and accrued interest immediately due and payable.

Financial covenants

The Loan Agreement requires the Company to maintain specific financial covenants, which are evaluated annually on a consolidated group basis. The following table details the status of these covenants as at and for the year ended December 31, 2025.

Financial covenant description	Limit	Year ended December 31, 2025
Net senior funded debt ⁽¹⁾ to trailing annual EBIDA ⁽²⁾	3.00 times	4.88 ⁽⁵⁾
Net senior funded debt to book value of equity ⁽³⁾	0.70 times	0.41
Debt service coverage ⁽⁴⁾	Minimum of 1.5 times	0.69 ⁽⁶⁾

Notes:

- (1) "Net senior funded debt" is defined in the Loan Agreement as all obligations for senior secured and unsecured borrowed money which bear interest less restricted and unrestricted cash balances. Lease liabilities are excluded from the calculation of net senior funded debt.
- (2) "EBIDA" is defined in the Loan Agreement as earnings (loss) before interest expenses, all non-cash items including depreciation and impairments, and gains and losses attributable to extraordinary and non-recurring items.
- (3) "Book value of equity" is defined in the Loan Agreement as shareholders' capital, contributed surplus and retained earnings or deficit excluding increases and decreases in retained earnings from E&E asset and PP&E impairments or reversals and excluding payments of dividends.
- (4) "Debt service coverage" is defined in the Loan Agreement as the ratio of trailing annual EBIDA to the aggregate bank debt interest expense due for the future annual period and scheduled principal payments in respect of outstanding bank debt principal for the future annual period.
- (5) In October 2025, the Company obtained a formal waiver for the net senior funded net debt to trailing annual EBIDA covenant for the year ended December 31, 2025.
- (6) Pursuant to the Loan Agreement, the debt service coverage covenant was not required to be tested for the year ended December 31, 2025.

As a result of the waiver and the exclusion of the EBIDA test, the Company was in compliance with all applicable covenants as at December 31, 2025.

Management actively monitors covenant compliance using actual and forecasted results. The Company maintains flexibility within its capital expenditure program and may adjust development and exploration activities, if required, to support compliance with lending requirements and preserve liquidity and financial covenant compliance.

As disclosed in the audited financial statements, the Company projects a breach of its net senior funded debt to trailing twelve-month EBIDA and debt service coverage covenants as of December 31, 2026. Such a breach could result in the bank debt balance becoming due and payable at that time. The Company is currently engaged in discussions with its lender to restructure specific terms of the Loan Agreement and address the projected breaches. For further information, please refer to the "*Liquidity and Going Concern*" section of this MD&A.

Restricted cash

In accordance with the Loan Agreement, the Company is required to maintain specific cash reserves for the duration of the term loan facilities. Touchstone classified \$3,602,000 of cash held in restricted accounts as non-current restricted cash as at December 31, 2025 (2024 - \$924,000).

Liquidity considerations

The Company's bank debt represents secured obligations ranking ahead of unsecured creditors and requires ongoing compliance with financial covenants. While covenant testing was either waived or not required for 2025, future compliance will depend on operating performance, commodity prices, capital expenditures, and debt service requirements and may require amendments or waivers in future periods if operating conditions deteriorate.

Further information regarding the Company's bank debt is included in Note 13 "*Bank Debt*" of the audited financial statements. Copies of the Loan Agreement and amendments are available on the Company's profile on SEDAR+ (www.sedarplus.ca).

Convertible Debenture

Overview

On August 8, 2025, the Company issued a secured convertible debenture to a private investor for gross proceeds of \$12.5 million. The Debenture matures on August 8, 2028 and bears interest at 5 percent per annum, payable semi-annually on June 30 and December 31. In connection with the issuance, the Company paid a 5 percent cash placement fee and issued 6,250,000 common share purchase warrants.

The Debenture is convertible, at the holder's option, into common shares of the Company at any time prior to maturity at a conversion price of approximately US\$0.22 per share (being the U.S. dollar equivalent of C\$0.30 per share based on the exchange rate immediately prior to issuance). Interest may be settled in cash or, subject to TSX approval and at the holder's election, through the issuance of common shares based on the prevailing market price and exchange rate at the time of payment.

The Debenture is secured by a first-ranking security interest over all present and after-acquired personal property of the Company and a pledge of the shares of Touchstone Exploration (Barbados) Ltd.

Classification and fair value measurement

The Company designated the Debenture at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. Accordingly, the Debenture is remeasured to fair value at each reporting date, with changes recognized in comprehensive income.

The Debenture was initially recognized at a fair value of \$11,606,000, representing gross proceeds net of the placement fee and the fair value attributed to the detachable warrants. As at December 31, 2025, the Debenture had a fair value of \$9,979,000, and the Company recognized a non-cash fair value gain of \$1,627,000 within net finance expense for the year ended December 31, 2025.

The Debenture is classified as a current liability as the holder may elect to convert the instrument into common shares at any time. In addition to the placement fee, \$167,000 in incremental issuance costs were expensed to net finance expense during the year.

The fair value measurement is classified as Level 3 within the fair value hierarchy and incorporates significant unobservable inputs, including assumptions regarding expected share price volatility, credit risk, risk-free interest rates, foreign exchange rates, and the probability and timing of conversion. Changes in these assumptions may result in material non-cash gains or losses in future periods, contributing to net income volatility.

Warrants

In connection with the Debenture issuance, the Company issued 6,250,000 warrants, each exercisable into one common share at a price of C\$0.40 per share until August 8, 2027. The warrants were assigned a fair value of \$269,000 on issuance using the Black-Scholes option pricing model and were recorded in shareholders' equity. The warrants are not subsequently remeasured.

Liquidity and capital resources impact

The net proceeds from the Debenture strengthened the Company's liquidity position and were used to support capital expenditures and general corporate purposes.

The Debenture introduces potential future share dilution upon conversion and establishes secured obligations ranking ahead of unsecured creditors. In addition, because the instrument is measured at fair value through profit or loss, fluctuations in the Company's share price, foreign exchange rates, credit spreads, and other valuation inputs may result in increased non-cash net income volatility.

Further information regarding the Debenture and the related accounting treatment is included in Note 14 "Convertible Debenture" of the audited financial statements. A copy of the Debenture is available on the Company's profile on SEDAR+ (www.sedarplus.ca).

Shareholders' Equity

Capital structure

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value. The following table summarizes the Company's issued share capital and securities convertible into or exercisable for Company common shares as at the dates indicated.

	March 30, 2026	December 31, 2025	December 31, 2024
Common shares outstanding	324,733,609	324,733,609	236,460,661
Stock options outstanding	7,319,000	7,319,000	11,731,000
RSUs outstanding ⁽¹⁾	3,845,109	3,845,109	1,447,780
PSUs outstanding ⁽¹⁾⁽²⁾	4,083,309	4,083,309	1,397,780
Common shares issuable upon conversion of Debenture ⁽³⁾	57,305,276	57,305,276	-
Warrants outstanding	6,250,000	6,250,000	-
Total potential dilutive common shares	403,536,303	403,536,303	251,037,221

Notes:

- (1) May be settled in cash, the issuance of Company common shares, or a combination of both at the Board's discretion. The share awards are currently accounted for as cash-settled liabilities.
- (2) Represents the notional number of common shares prior to the application of performance multipliers.
- (3) Represents the maximum number of common shares issuable upon conversion of the Debenture prior to its August 8, 2028, maturity date.

2025 Equity financing activities

On May 8, 2025, the Company announced a private placement in the United Kingdom to raise gross proceeds of £15,375,000 through the issuance of up to 75 million common shares at a price of £0.205 per common share (approximately C\$0.38 per share).

- Initial tranche: During May 2025, the Company successfully closed a portion of the placement, issuing 24,636,585 common shares for gross proceeds of \$6,746,000 (£5,051,000). Net proceeds totaled \$5,221,000 after transaction costs.
- Cancellation: As the remaining subscription funds were not received by the contractual deadline, the Company cancelled the balance of the placement on June 30, 2025. This resulted in the

cancellation of 50,363,415 shares previously held in trust, leaving 261,097,246 shares outstanding at that date.

On October 30, 2025, the Company completed a subsequent private placement in the United Kingdom. The Company issued 63,636,363 common shares at a price of £0.11 per common share (approximately C\$0.20 per share), raising gross proceeds of £7,000,000 (\$9,138,000). Net proceeds from this private placement totalled \$8,374,000 after transaction costs.

The proceeds from these equity issuances were utilized to fund the Company's active development drilling program and to provide general working capital support following the Acquisition.

Dividend policy

Touchstone has never declared or paid any dividends on its outstanding common shares. Any future decision to pay dividends will be made by the Board based on net income, financial requirements, and the satisfaction of liquidity and solvency tests imposed by the *Business Corporations Act (Alberta)*.

Capital Management

Management's long-term strategy is to maintain a strong and flexible capital structure that supports both operational stability and strategic growth. In a normalized commodity price environment, the Company's primary objective is to maintain a net debt to trailing twelve-month funds flow from operations ratio at or below 2.0 times. Management recognizes that this ratio may temporarily exceed the target during periods of elevated capital spending, strategic acquisitions, or depressed commodity pricing.

The Company also monitors its capital structure using the net debt to managed capital ratio, with a strategy of maintaining a higher proportion of equity than debt, targeting a 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	December 31, 2025	December 31, 2024
Net debt ⁽¹⁾		72,890	29,109
Shareholders' equity		93,668	68,828
Managed capital ⁽¹⁾		166,558	97,937
Annual funds flow from operations		5,371	16,748
Net debt to funds flow from operations ratio⁽¹⁾	At or < 2.0 times	13.57	1.74
Net debt to managed capital ratio⁽¹⁾	< 0.4 times	0.44	0.30

Note:

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

As at December 31, 2025, the Company's net debt to trailing twelve-month funds flow from operations ratio of 13.57 times, significantly exceeded the long-term target. This variance primarily reflected the significant growth in net debt resulting from the issuance of the Debenture and increased bank debt to fund the Acquisition and 2025 capital program. In addition, 2025 funds flow from operations declined to \$5,371,000, driven by natural production declines and a weaker realized commodity price environment.

The net debt to managed capital ratio also rose to 0.44, slightly above the 0.40 target, reflecting the increased reliance on debt for the 2025 Acquisition and capital program.

As disclosed in the "Liquidity" section, Management expects these metrics to trend toward target levels throughout 2026. This anticipated improvement is supported by the Company's recapitalization plan, incremental production from the CR-3 well, and strengthening oil and LNG market fundamentals.

Contractual Obligations and Commitments

Touchstone has contractual obligations incurred in the normal course of business. These primarily consist of minimum work obligations under Heritage operating agreements, exploration commitments under licences with the MEEI, and lease commitments for equipment and facilities. The following table summarizes the Company's estimated minimum contractual payments as at December 31, 2025.

(\$000's)	Total	Estimated payments due by year			
		2026	2027	2028	Thereafter
Operating agreement commitments					
CO-1 block	4,149	57	3,774	101	217
WD-4 block ⁽¹⁾	3,939	2,456	1,285	62	136
WD-8 block ⁽¹⁾	3,845	2,439	1,267	44	95
Balata East block	2,852	1,277	78	1,332	165
Central block	3,071	449	473	499	1,650
Cascadura area of Ortoire block	649	4	42	44	559
Coho area of Ortoire block	359	2	23	24	310
Exploration block commitments					
Charuma block	8,480	369	786	826	6,499
Cipero block	22,492	346	5,475	10,818	5,853
Ortoire block ⁽²⁾	10,070	10,070	-	-	-
Rio Claro block	17,373	359	5,489	10,833	692
Office and equipment leases	1,161	302	232	177	450
Total Minimum payments	78,440	18,130	18,924	24,760	16,626

Notes:

- (1) A portion of these commitments will be satisfied by the turnkey drilling obligations assumed by the Fyzabad property purchaser. Refer to the "Capital Acquisitions and Dispositions - 2025 Disposition of Non-core Assets" section herein.
- (2) 2026 estimated payments include the drilling of two exploration wells in the Ortoire block. Touchstone and Heritage are in discussions with the MEEI to extend the licence for an additional three years, which may amend the timing of these commitments.

Heritage Operating Agreement Commitments

Under the terms of its Heritage operating agreements, the Company is required to fulfill annual minimum work commitments. For 2026, these obligations include the drilling of seven development wells. The Company has committed to drilling four development wells in 2026 and is currently engaged in active discussions with Heritage to evaluate alternatives for meeting the remaining obligations or deferring requirements to better align with capital allocation priorities.

MEEI Licence Exploration Commitments

As at December 31, 2025, the Company is committed to drilling an aggregate of ten exploration wells across its various exploration properties through 2029. Two of these wells are required on the Ortoire block, where the exploration portion of the licence expires in July 2026. Touchstone and Heritage are in discussions with the MEEI to extend the licence for an additional three years.

These commitments are vital to the Company's long-term organic growth strategy and the continued appraisal of the Herrera fairway.

Lease Liabilities

The Company is party to lease arrangements for a drilling rig, office facilities, vehicles, and equipment. As of December 31, 2025, Touchstone recognized \$4,241,000 in aggregate lease liabilities, of which \$2,982,000 was classified as non-current on the consolidated balance sheet (2024 - \$5,866,000 and \$4,368,000, respectively). Further information regarding the Company's lease obligations is included in Note 12 "Lease Liabilities" of the audited financial statements.

Market Risk Management

Touchstone is exposed to financial risks inherent in the international oil and natural gas industry, including commodity price, foreign exchange, interest rate, credit, and liquidity risks. Management proactively identifies and mitigates these risks through business processes and internal controls, with oversight from the Board. The primary objective is to manage cash flow variability to ensure the Company can meet its financial obligations and fund its capital programs.

For a comprehensive sensitivity analysis of these risks, refer to the "*Financial and Operational Results - Net Income and Funds Flow From Operations Sensitivity*" section of this MD&A.

Commodity Price Risk

The Company's financial performance is highly sensitive to the prices received for its crude oil, NGL, and natural gas production. Commodity prices are volatile and are influenced by global supply and demand, geopolitical events, and economic conditions. Fluctuations in these prices can impact operating cash flows, the valuation of P&NG development properties, the timing and scope of capital expenditures, and the Company's ability to meet its financial obligations.

Management continues to monitor forward commodity curves and may enter into risk management contracts (hedges) in the future to protect the funding of its exploration and development programs. In parallel, Touchstone regularly reviews and adjusts its capital plans to reflect prevailing market conditions.

Crude oil and NGLs

Crude oil and NGL prices are subject to international benchmarks and local quality differentials. While the Company does not currently have active financial hedges in place for these volumes, it maintains operational flexibility by adjusting capital programs to reflect prevailing market conditions.

Natural gas

The Company does not currently utilize natural gas hedging strategies, as its natural gas portfolio features a strategic mix of fixed-price stability and market-linked upside.

A significant portion of the Company's revenue is derived from a long-term, fixed-price arrangement with NGC for Ortoire block production. This contract, which commenced in October 2022, provides a predictable cash flow stream and mitigates exposure to global natural gas price volatility. The contract provides for price renegotiations on each fifth anniversary; however, there is no guarantee that renegotiations will result in higher prices.

Natural gas volumes from the newly acquired Central block are primarily linked to global LNG pricing. This provides the Company with exposure to international market dynamics and potential price appreciation.

Domestic natural gas prices in Trinidad are primarily influenced by local supply and demand, with significant demand originating from the power generation and petrochemical sectors. In contrast, LNG export prices are increasingly tied to global market volatility and are currently influenced by a basket of international benchmarks. Global supply chain disruptions can cause sharp fluctuations in the international benchmarks that now dictate a portion of the Company's realized pricing. A sustained decline in realized prices would adversely affect the Company's cash flows and the carrying value of its development properties.

Foreign Currency Risk

The Company is exposed to foreign currency exchange risk, where fluctuations in exchange rates may impact the fair value or future cash flows of financial assets and liabilities. Touchstone's primary exposures

relate to the C\$, the TT\$, and the GBP relative to the US\$ presentation currency. The Company does not currently utilize derivative instruments to hedge foreign exchange exposure.

Trinidad and Tobago operations

The Company's crude oil sales are priced based on US\$ benchmarks; however, the majority of settlement invoices are received in TT\$. To manage this exposure, the Company utilizes a natural hedge strategy by:

- Expense matching: Prioritizing the procurement of goods and services through TT\$-denominated contracts to match local currency revenue.
- Currency indexing: Sales of NGLs and natural gas are denominated and payable in US\$, providing a direct hedge against US\$-denominated obligations.

While the TT\$ maintains an informal peg to the US\$, any significant devaluation of the TT\$ could impact the Company's ability to settle US\$-denominated debt and interest payments.

Corporate and listing exposure

Touchstone is further exposed to fluctuations in the C\$ and GBP due to:

- Head office costs: Administrative and payroll expenses for the Canadian parent company are primarily incurred in C\$.
- Listing maintenance: Ongoing costs associated with the Company's AIM listing are denominated in GBP.
- Cash balances: The Company maintains varying levels of cash in C\$ and GBP to meet these obligations.

Significant movements in the C\$/US\$ or £/US\$ exchange rates can result in unrealized foreign exchange gains or losses recorded in the consolidated statements of comprehensive income.

For the year ended December 31, 2025, with all other variables held constant, a 5 percent change in the C\$ to US\$ and TT\$ to US\$ exchange rates would have resulted in an approximate \$282,000 increase or decrease in comprehensive income (2024 - \$100,000).

Interest Rate Risk

Interest rate risk arises from changes in market interest rates that may affect comprehensive income and cash flows. Touchstone's exposure is primarily related to its variable-rate debt obligations, where interest costs fluctuate based on prevailing market benchmarks.

The Company manages its interest rate exposure through a mix of fixed and floating rate instruments:

- Fixed-rate debt: The Company's Term Loan facility 1 and Debenture carry fixed interest rates, providing protection against rising rates.
- Variable-rate debt: Term Loan Facility 2, Term Loan Facility 3, and the revolving loan facility are subject to interest rate risk. The interest rates for these facilities are reset annually based on the one-year term Secured Overnight Financing Rate.

Management monitors global interest rate trends and central bank policies to assess potential impacts on the Company's cost of borrowing. While the Company does not currently utilize interest rate swaps or other derivative instruments to hedge this risk, it strives to maintain a disciplined approach to leverage.

Equity Price Risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. Touchstone is specifically exposed to equity price risk regarding its own common share price through its share-based compensation programs.

Awards issued under the Company's Omnibus Plan (RSUs and PSUs) and DSU Plan are currently accounted for as cash-settled transactions. Under IFRS, these liabilities must be revalued at the end of each reporting period based on the Company's period-end closing share price. Fluctuations in the Company's share price result in immediate increases or decreases in share-based compensation expense and the share price at the time of vesting or exercise determines the actual cash outflow required to settle these obligations.

The Company does not currently utilize equity derivative contracts or other financial hedging instruments to mitigate this risk. Touchstone manages this exposure by monitoring the total number of outstanding awards relative to its overall capital structure, and the Board has discretion to pay RSUs and PSUs in shares to maintain liquidity.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is primarily exposed to third-party credit risk through its joint interest partners, commodity marketers, and the Government of the Republic of Trinidad and Tobago ("GOTT").

Management considers the Company's credit risk to be low, as receivables are primarily due from state-owned entities (Heritage and NGC) and a third-party LNG marketing company with an established payment history.

The following table details the composition and aging of the Company's accounts receivable as at December 31, 2025.

Composition	Counterparty	Balance due (\$000's)	Balance due (%)	Accounts receivable aging	
				Current (\$000's)	Over 90 days (\$000's)
P&NG sales	Heritage, NGC and other	3,531	13	3,531	-
Joint interest billings	Heritage and NGC	5,669	20	5,180	489
Value-added tax	GOTT	9,420	33	2,151	7,269
Other	Various	1,024	4	903	121
Amount to be remitted upon collection pursuant to Acquisition ⁽¹⁾	Acquisition seller	8,525	30	8,525	-
Accounts receivable		28,169	100	20,290	7,879

Note:

(1) Represents receivables collected on behalf of the seller of the Central block assets, to be remitted upon collection pursuant to the Acquisition agreement.

Historically, the Company has experienced extended collection timelines for VAT receivable from the GOTT. As at December 31, 2025, the balance of VAT receivables aged over 90 days was \$7,269,000, an increase of \$668,000 compared to year-end 2024. During the year ended December 31, 2025, the Company collected \$724,000 of overdue VAT receivables.

To rationalize these balances, on January 31, 2025, the GOTT issued the Company three-year, fixed-rate bonds with a principal amount of approximately \$2,966,000 in partial settlement of outstanding VAT. In September 2025, the Company elected to monetize these instruments, selling the bonds to a local financial

institution for net proceeds of \$2,862,000 plus accrued interest. This transaction resulted in a realized loss of \$104,000, which was recognized in net finance expense.

Despite the inconsistent timing of cash receipts, Management continues to believe the full VAT balance is collectible. This assessment is based on historical experience and the fact that the Company has never incurred a credit loss on GOTT receivables. Further details regarding financial assets and credit risk are provided in Note 6 "Financial Assets and Credit Risk" of the audited financial statements.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. Touchstone's liquidity management strategy is designed to ensure that sufficient resources are available to meet obligations under both normal and stressed conditions, without compromising operational or strategic objectives.

The Company manages its liquidity and capital structure through a rigorous financial and operational forecasting process. These forecasts incorporate detailed assumptions regarding expected production volumes and realized commodity pricing, capital investment programs and exploration commitments, operating and G&A expense, and royalty and income tax obligations in Trinidad. 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 outlines the estimated undiscounted cash outflows and financial maturities of the Company's financial liabilities as at December 31, 2025.

(\$000's)	Recognized as a liability in the 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	31,329	31,329	-	-
Income taxes payable	Yes	749	749	-	-
Lease liabilities ⁽³⁾	Yes	5,152	1,612	2,144	1,396
Principal balance of bank debt	Yes	57,750	12,786	29,428	15,536
Bank debt interest ⁽⁴⁾	No – recognized as incurred	9,537	3,914	4,098	1,525
Principal balance of Debenture	Yes	12,500	-	12,500	-
Debenture interest	No – recognized as incurred	1,625	625	1,000	-
Share-based compensation liabilities ⁽⁵⁾	Yes	429	303	126	-
Financial liabilities		119,071	51,318	49,296	18,457

Notes:

- (1) Undiscounted cash outflows represent the total estimated payment and may differ from financial statement carrying values.
- (2) Excludes the current portions of lease liabilities and share-based compensation liabilities.
- (3) Includes notional interest and principal components.
- (4) Future interest is based on interest rates in effect as of December 31, 2025.
- (5) Represents accrued obligations for awards expected to be settled in cash.

To ensure adequate liquidity, Management actively monitors cash flow and working capital. The Company maintains several levers to manage its capital structure, including:

- Capital allocation: The ability to adjust the timing and scale of capital and exploration spending to match available cash flow.
- Cost structure: Actively managing and reducing the fixed cost base.

- Capital markets: Accessing equity markets or seeking additional debt financing if required for strategic growth.

Related Party Transactions

Our Chief Executive Officer, Chief Financial Officer and our Trinidad-based director serve as independent board members of a separate Trinidad charitable entity established by Touchstone. For the year ended December 31, 2025, the Company donated \$30,000 to the charitable entity (2024 - \$30,000).

The Company has determined that the key management personnel of Touchstone is comprised of its three executive officers and non-executive directors. Touchstone provides salaries and directors' fees, annual incentive payments and other benefits to its key management personnel. In addition, Touchstone provides share-based compensation to its key management personnel under its share-based compensation plans. The compensation of directors and executive officers is reviewed annually by the Board's independent Compensation and Governance Committee against industry practice for P&NG companies of similar size and scope.

Key management personnel compensation paid or payable during the years ended December 31, 2025 and 2024 are disclosed below.

(\$000's)	Year ended December 31,	
	2025	2024
Salaries and benefits included in G&A expense	1,225	1,516
Executive severance included in G&A expense	417	-
Director fees included in G&A expense	316	405
Share-based compensation expense	103	1,244
Capitalized salaries, benefits, and share-based compensation expense	39	47
Key management compensation	2,100	3,212

Non-executive director's compensation during the year ended December 31, 2025 is set forth in the following table.

Director (\$000's)	Fees earned	Share-based compensation	All other compensation	Total compensation
Jenny Alfandary ⁽¹⁾	23	(63)	-	(40)
Priya Marajh	48	20	7	75
Kenneth R. McKinnon	59	18	11	88
Peter Nicol	49	17	7	73
Beverley Smith	49	14	7	70
Stanley T. Smith	50	15	8	73
Harrie Vredenburg ⁽¹⁾	23	(39)	-	(16)
John D. Wright ⁽²⁾	15	(51)	-	(36)
Director compensation	316	(69)	40	287

Notes:

(1) Ms. Alfandary and Dr. Vredenburg retired effective June 19, 2025.

(2) Mr. Wright retired effective April 8, 2025.

Changes in Accounting Policies Including Initial Adoption

There were no changes in accounting policies during the year ended December 31, 2025 that had a material effect on the reported comprehensive income or net assets of the Company.

Standards Issued but Not Yet Effective

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

accounting pronouncements that will affect the Company is included in Note 4 "*Future Accounting Pronouncements*" of the audited financial statements.

Off-balance Sheet Arrangements

As at December 31, 2025, and at the date of this MD&A, the Company did not have any 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 performance-related parent guarantees described below, the Company does not utilize special purpose entities, non-consolidated variable interest entities, or structured finance arrangements.

In the normal course of business, the Company provides parent company guarantees to the MEEI to support work commitments on its exploration and production licences. These guarantees ensure the performance of the Company's operational obligations (such as the drilling of exploration or development wells) as outlined in the "*Contractual Obligations and Commitments*" section of this MD&A. These are performance-based guarantees rather than financial-settlement guarantees and, as such, do not represent off-balance sheet financial liabilities.

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 audited financial statements is included in Note 5 "*Use of Estimates, Judgements and Assumptions*" of the audited financial statements.

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

Business Risks

As a participant in the international oil and natural gas industry, the Company is 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, Touchstone is 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 the Company's 2025 AIF for a full understanding of risks that affect Touchstone, which is available on the Company's profile on SEDAR+ (www.sedarplus.ca) and website (www.touchstoneexploration.com). Refer to the "*Advisories - Forward-looking Statements*" section in this MD&A for additional information regarding the risks which Touchstone and its business operations are subject to.

Control Environment

Management, including the Company's President and Chief Executive Officer and Chief Financial Officer, assessed the design and effectiveness of internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") as at December 31, 2025. In making this assessment, Management used the "*Committee of Sponsoring Organizations of the Treadway Commission Framework in Internal Control - Integrated Framework*" issued in 2013 (the "2013 Framework") to evaluate the design and effectiveness of ICFR. Under the supervision of the Chief Executive Officer and the Chief Financial Officer, Touchstone conducted an evaluation of the effectiveness of the Company's ICFR as at December 31, 2025 in accordance with the 2013 Framework. Based on this evaluation, the officers concluded that both ICFR and DC&P were effective as at December 31, 2025. There were no changes during the three months and year ended December 31, 2025 that had materially affected, or were reasonably likely to materially affect, ICFR.

ICFR is a process designed to provide reasonable assurance that all assets are safeguarded, and transactions are appropriately authorized to facilitate the preparation of relevant, reliable and timely information. Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Selected Annual Information

The following table summarizes select financial data for the three most recently completed fiscal years.

(\$000's except per share amounts)	Year ended December 31		
	2025	2024	2023
Petroleum and natural gas sales	45,817	57,470	48,098
Total revenue	34,755	43,657	35,989
Net income (loss)	10,888	8,272	(20,598)
Per share – basic	0.04	0.04	(0.09)
Per share – diluted	0.04	0.03	(0.09)
Total assets	242,077	152,273	138,948
Total non-current liabilities	83,479	59,935	49,031
Total liabilities	148,409	83,445	79,182
Total shareholders' equity	93,688	68,828	59,766

The oil and natural gas industry is inherently cyclical. Touchstone's financial position, results of operations and cash flows are principally affected by production levels and commodity prices. Fluctuations in commodity pricing indirectly impact production by altering the funds available for reinvestment in exploration, development and acquisition activities. Furthermore, sustained low commodity prices can reduce the quantities of reserves that are commercially recoverable, impacting the economics of future capital projects. The Company's capital program is dependent on cash generated from operating activities and access to capital markets.

In 2025, the Company completed the milestone acquisition of the Central block assets. This acquisition was the primary driver behind the 59 percent growth in total assets compared to 2024. This expansion also increased non-current liabilities through the assumption of \$30 million in debt to fund the transaction and an \$18.4 million increase in deferred income tax liabilities associated with the acquired assets.

P&NG sales and total revenue each decreased by 20 percent from 2024. This decline was primarily driven by lower realized commodity prices and an 18 percent year-over-year decrease in production volumes, as production from the Central block assets only partially offset natural production declines from legacy properties. Despite the decline in revenue, net income increased by 32 percent to \$10.9 million. Profitability in 2025 was significantly bolstered by non-cash items, specifically a \$12.6 million deferred income tax recovery and a \$5.0 million gain on asset dispositions. These gains more than offset higher depletion and finance expenses associated from the Company's expanded asset base.

In 2024, the Company experienced financial growth, with P&NG sales increasing to \$57.5 million from \$48.1 million in 2023, supported by a 44 percent increase in production volumes. Net income rebounded to \$8.3 million, a marked recovery from the \$20.6 million net loss in 2023, which had been impacted by \$21.4 million in net non-financial asset impairment expenses.

Summary of Quarterly Results

The following table summarizes the Company's unaudited quarterly results for the eight most recently completed fiscal quarters.

Three months ended	Dec. 31, 2025	Sept. 30, 2025	June 30, 2025	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024	March 31, 2024
Operational								
Average daily production (boe/d)	4,877	5,141	4,399	4,317	5,287	5,211	5,432	7,015
Net wells drilled	0.65	0.80	0.80	-	-	-	1.00	2.60
Realized commodity price ⁽¹⁾ (\$/boe)	24.53	26.84	27.50	28.60	27.85	27.65	28.50	25.98
Operating netback ⁽¹⁾ (\$/boe)	9.41	12.38	12.59	15.83	14.17	15.46	16.44	16.39
Financial (\$000's except per share amounts)								
Petroleum and natural gas sales	11,001	12,696	11,007	11,113	13,543	13,253	14,090	16,584
Cash from (used in) operating activities	9,903	4,850	(234)	5,611	822	3,607	3,383	5,369
Funds flow from operations	623	735	1,433	2,580	3,614	3,024	3,968	6,142
Net income (loss)	13,621	(2,064)	(710)	41	(542)	1,847	3,339	3,628
Per share – basic and diluted	0.04	(0.01)	(0.00)	0.00	(0.00)	0.01	0.01	0.02
Capital expenditures ⁽¹⁾	7,443	9,602	4,659	6,673	3,106	3,068	5,543	11,962
Acquisition expenditures	-	-	28,400	-	-	-	-	-
Principal balance of bank debt	57,750	59,875	62,000	33,500	35,000	32,353	32,000	26,500
Convertible debenture	12,500	12,500	-	-	-	-	-	-
Net debt ⁽¹⁾	72,890	77,753	63,887	33,330	29,109	29,593	28,674	27,621
Share Information (000's)								
Weighted average – basic	304,674	248,824	242,586	236,461	236,461	235,189	234,959	234,213
Weighted average – diluted	304,674	248,824	242,586	236,461	236,461	236,578	236,364	236,548
Outstanding shares – end of period	324,734	261,097	261,097	236,461	236,461	236,461	236,307	234,213

Note:

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

Quarterly Highlights and Significant Items

- In the fourth quarter of 2025, Touchstone reported net income of \$13.6 million, primarily driven by non-cash items including a \$9.5 million deferred tax recovery and a \$5.0 million gain on asset dispositions. Funds flow from operations was \$0.6 million, reflecting lower realized commodity prices and a 5% decrease in production volumes. Capital investments of \$7.4 million were primarily directed toward the CR-3 development well on the Central block. Net debt decreased by 6% to \$72.9 million, supported by an \$8.4 million private placement completed during the quarter.

- In the third quarter of 2025, Touchstone recorded funds flow from operations of \$0.7 million. The decline from the preceding quarter was driven by higher current income taxes, G&A, and cash finance expenses, partially offset by higher operating netbacks. Capital investment of \$9.6 million was focused on the Cascadura field. The Company completed a \$12.5 million convertible debenture offering, ending the quarter with net debt of \$77.8 million.
- In the second quarter of 2025, Touchstone completed the Central block acquisition, primarily financed via a new \$30.0 million term loan, which increased net debt to \$63.9 million. The acquired asset contributed approximately 965 boe/d, though funds flow from operations decreased to \$1.4 million due to increased operating costs associated with the acquired assets.
- In the first quarter of 2025, Touchstone recorded funds flow from operations of \$2.6 million, a 29% decrease from the previous quarter, following an 18% reduction in production. Capital expenditures of \$6.7 million were directed toward Cascadura-4 well drilling and the Company ended the quarter with net debt of \$33.3 million.
- In the fourth quarter of 2024, funds flow from operations was \$3.6 million, reflecting a production driven decrease. Capital spending of \$3.1 million was primarily directed toward the Cascadura field. A net loss of \$0.5 million was recorded, impacted by \$2.3 million in exploration asset impairment expenses.
- In the third quarter of 2024, funds flow from operations was \$3.0 million, down 24% from the prior quarter due to a 4% drop in production and a 3% reduction in realized commodity pricing. Capital spending of \$3.1 million focused on Cascadura well completions. As a result, Touchstone exited the quarter with a net debt balance of \$29.6 million.
- In the second quarter of 2024, funds flow from operations was \$4.0 million, reflecting a production-driven decrease from the first quarter of 2024. Capital expenditures totaled \$5.5 million, largely focused on advancing the Cascadura C tie-in project and drilling one CO-1 development well. The Company strengthened its liquidity with an additional \$10 million term loan facility and exited the quarter with net debt of \$28.7 million.
- In the first quarter of 2024, the Company recorded funds flow from operations of \$6.1 million and invested \$12.0 million in capital expenditures, primarily in Cascadura development drilling and flowline infrastructure.

Advisories

Non-GAAP and Other 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 and other 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 December 31,		Year ended December 31,	
	2025	2024	2025	2024
P&NG sales	11,001	13,543	45,817	57,470
Less: royalty expense	(3,208)	(3,205)	(11,516)	(13,876)
P&NG revenue, net of royalties	7,793	10,338	34,301	43,594
Less: operating expense	(3,577)	(3,446)	(13,037)	(10,704)
Operating netback	4,216	6,892	21,264	32,890
Total production (boe)	448,555	486,329	1,710,390	2,098,308
Operating netback (\$/boe)	9.41	14.17	12.44	15.68

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 convertible debenture revaluations, accretion on bank debt and decommissioning obligations, 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 December 31,		Year ended December 31,	
	2025	2024	2025	2024
E&E asset expenditures	628	426	1,848	1,046
PP&E expenditures	6,815	2,680	26,529	22,633
Capital expenditures	7,443	3,106	28,377	23,679
Acquisition expenditures	-	-	28,400	-
Abandonment fund expenditures	142	226	591	971
Proceeds from asset dispositions	(115)	-	(115)	(1,066)
Net change in non-cash working capital	9,596	147	2,299	(2,964)
Cash used in investing activities	17,066	3,479	59,552	20,620

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 as current assets minus current liabilities as presented in the applicable consolidated balance sheet, excluding the carrying value of the convertible debenture. Management excludes the carrying value of the convertible debenture from working capital given the instrument has a maturity date in 2028.

Net debt is determined by adding the Company's working capital surplus or deficit to the principal (undiscounted) balance of non-current bank debt and the principal (undiscounted) balance of the convertible debenture. Net debt is most directly comparable to total liabilities as 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)	December 31, 2025	December 31, 2024
Current assets	(39,525)	(22,151)
Current liabilities	64,930	23,510
Working capital deficit per consolidated balance sheet	25,405	1,359
Less: current portion of convertible debenture	(9,979)	-
Working capital deficit	15,426	1,359
Principal balance of long-term bank debt	44,964	27,750
Principal balance of convertible debenture	12,500	-
Net debt	72,890	29,109
Shareholders' equity	93,668	68,828
Managed capital	166,558	97,937

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

(\$000's)	December 31, 2025	December 31, 2024
Total liabilities	148,409	83,445
Lease liabilities	(2,982)	(4,368)
Share-based compensation liability	(126)	(117)
Decommissioning liability	(12,081)	(9,985)
Deferred income tax liability	(23,605)	(17,924)
Variance of carrying value and principal value of bank debt	279	209
Variance of carrying value and principal value of convertible debenture	2,521	-
Current assets	(39,525)	(22,151)
Net debt	72,890	29,109

Net debt to funds flow from operations ratio

The Company monitors its capital structure using the 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, that address activities, events, or developments that the Company expects or anticipates will or may occur in the future constitute 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;
- 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, and the Company's ability to continue as a going concern;
- plans to pursue a strategic recapitalization, including the potential renegotiation of existing credit facilities to improve amortization terms and financial covenants, or the potential issuance of additional equity;
- forecasts regarding strengthening oil LNG market pricing fundamentals and their impact on 2026 funds flow from operations;
- expectations that liquidity and capital management ratios will improve throughout 2026;
- 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, anticipated incremental production from the CR-3 well, estimated field production levels, estimated future production decline rates and the impact of infrastructure optimization projects, including the Cascadura compression project;
- the strategic benefits of the Acquisition, including the Company's ability to achieve identified operational synergies, successfully tie-in new drilling (including the CR-3 well), and navigate international LNG-linked pricing dynamics;
- 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 and the deferral of Heritage work commitments;
- the Company's ability to remediate or replace the Cascadura-4STX2 wellbore and the impact of technical revisions to Block B reserves on future production profiles;

- 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 timing and successful outcome of negotiations with the MEEI and Heritage regarding the extension of the exploration period for the Ortoire licence;
- 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 government 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 and the Company's expectation to receive past due VAT amounts from the GOTT;
- 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;
- future compliance with the terms of the Debenture, and the Company's ability to make future 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 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 estimates of reserves disclosed by Touchstone are estimates only, and there is no guarantee that the estimated reserves will be recovered. Consequently, actual results may differ materially from those anticipated in the forward-looking statements.

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

The Company is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results. The Company is exposed to risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain qualified employees on a cost-effective basis, extreme weather-related events, and commodity pricing and marketing risk. The Company is subject to significant drilling risks and uncertainties including the ability to find petroleum and natural gas reserves on an economic basis and the potential for technical problems that could lead to well blow-outs and environmental damage. The Company is exposed to risks relating to the inability to obtain timely regulatory approvals, surface access, access to third-party gathering and processing facilities, transportation and other third-party operation risks. The Company is subject to industry conditions including changes in laws and regulations, the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced. There are uncertainties in estimating the Company's reserves 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, 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 those expressed in or implied by any forward-looking statements in this MD&A, and accordingly, investors should not place undue reliance on any such forward-looking statements.

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

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

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

Oil and Natural Gas Measures

To provide a single unit of production for analytical purposes, natural gas production has been converted mathematically to barrels of oil equivalent. The Company uses 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 may be misleading, particularly if used in isolation, as the value ratio between crude oil and natural gas based on current commodity prices may differ significantly from the 6:1 energy equivalency ratio.

Product Type Disclosures

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

The Company's total and average production volumes for the past eight quarters, as well as all related references to "crude oil", "NGLs", "crude oil and liquids" and "natural gas" contained in this MD&A, represent the following product types as defined in NI 51-101 and are presented on a boe basis using a conversion ratio of 6 Mcf to 1 boe, where applicable.

Three months ended	Dec. 31, 2025	Sept. 30, 2025	June 30, 2025	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024	March 31, 2024
Production								
Light and medium crude oil (bbls)	89,027	92,244	98,772	99,112	114,492	109,771	100,136	100,599
Heavy crude oil (bbls)	2,568	4,485	5,137	5,475	5,995	4,638	5,254	5,535
Crude oil (bbls)	91,595	96,729	103,909	104,587	120,487	114,409	105,390	106,134
Condensate (bbls)	11,654	13,532	7,892	3,466	11,087	4,101	9,207	23,811
Other NGLs (bbls)	26,303	26,573	11,203	-	-	-	-	-
Crude oil and liquids (bbls)	129,552	136,834	123,004	108,053	131,574	118,510	114,597	129,945
Conventional natural gas (Mcf)	1,914,018	2,017,185	1,663,683	1,682,796	2,128,528	2,164,853	2,278,297	3,050,412
Total production (boe)	448,555	473,031	400,285	388,519	486,329	479,319	494,313	638,347
Average daily production								
Light and medium crude oil (bbls/d)	968	1,002	1,086	1,101	1,245	1,194	1,100	1,105
Heavy crude oil (bbls/d)	28	49	56	61	65	50	58	61
Crude oil (bbls/d)	996	1,051	1,142	1,162	1,310	1,244	1,158	1,166
Condensate (bbls/d)	127	147	87	39	121	45	101	262
Other NGLs (bbls/d)	286	289	123	-	-	-	-	-
Crude oil and liquids (bbls/d)	1,409	1,487	1,352	1,201	1,431	1,289	1,259	1,428
Conventional natural gas (Mcf/d)	20,805	21,926	18,282	18,698	23,136	23,531	25,036	33,521
Average daily production (boe/d)	4,877	5,141	4,399	4,317	5,287	5,211	5,432	7,015

The Company's total and average production volumes for the years ended December 31, 2025 and 2024, as well as all related references to "crude oil", "NGLs", "crude oil and liquids" and "natural gas" contained

in this MD&A, represent the following product types as defined in NI 51-101 and are presented on a boe basis using a conversion ratio of 6 Mcf to 1 boe, where applicable.

	Year ended December 31,	
	2025	2024
Production		
Light and medium crude oil (bbls)	379,155	424,998
Heavy crude oil (bbls)	17,665	21,422
Crude oil (bbls)	396,820	446,420
Condensate (bbls)	36,544	48,206
Other NGLs (bbls)	64,079	-
Crude oil and liquids (bbls)	497,443	494,626
Conventional natural gas (Mcf)	7,277,682	9,622,090
Total production (boe)	1,710,390	2,098,308
Average daily production		
Light and medium crude oil (bbls/d)	1,039	1,161
Heavy crude oil (bbls/d)	48	59
Crude oil (bbls/d)	1,087	1,220
Condensate (bbls/d)	100	132
Other NGLs (bbls/d)	176	-
Crude oil and liquids (bbls/d)	1,363	1,352
Conventional natural gas (Mcf/d)	19,939	26,290
Average daily production (boe/d)	4,686	5,734

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, a market operated by the London Stock Exchange
bbls/d	barrels per day	Brent	The Brent oil crude oil benchmark based on futures traded on the Intercontinental Exchange
Mbbls	thousand barrels	C\$	Canadian dollar
Mcf	thousand cubic feet	JKM	Japan Korea Marker, the benchmark price assessment for spot LNG cargoes delivered to Northeast Asia
Mcf/d	thousand cubic feet per day	LNG	Liquefied natural gas
MMcf	million cubic feet	NBP	The natural gas price at the National Balancing Point, the virtual natural gas trading hub in the United Kingdom
MMcf/d	million cubic feet per day	NGL(s)	Natural gas liquid(s), which includes condensate, propane, butane and ethane
MMBtu	million British Thermal Units	Q4	Three months ending December 31
boe	barrels of oil equivalent	TSX	Toronto Stock Exchange
boe/d	barrels of oil equivalent per day	TT\$	Trinidad and Tobago dollar

Oil and natural gas measurement		Other	
Mboe	thousand barrels of oil equivalent	WTI	Western Texas Intermediate
		\$ or US\$	United States dollar
		£ or GBP	Pounds sterling

Additional Information

Additional information related to Touchstone and factors that could affect its operations and financial results are included with reports on file with the Canadian securities regulatory authorities, including the Company's audited financial statements and 2025 AIF, which are available on the Company's profile on SEDAR+ (www.sedarplus.ca) and website (www.touchstoneexploration.com).



Corporate Information

Directors

Kenneth R. McKinnon
Chair of the Board

Paul R. Baay
Bhupendra Kansagra
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*

Alex Sanchez
*Vice President Production and
Environment*

Cayle Sorge
Vice President Finance

Head Office

Touchstone Exploration Inc.
4100, 350 7th Avenue SW
Calgary, Alberta, Canada
T2P 3N9

Registered Office

3700, 400 3rd Avenue SW
Calgary, Alberta, Canada
T2P 4H2

Operating Office

**Touchstone Exploration
(Trinidad) Ltd.**
Unit 416A, South Park Plaza
Tarouba Link Road
San Fernando, Trinidad, W.I.

Stock Exchange Listings

Toronto Stock Exchange
London Stock Exchange AIM
Symbol: TXP

Banker

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

Auditor

KPMG LLP
Calgary, Alberta, Canada

Reserves Evaluator

GLJ Ltd.
Calgary, Alberta, Canada

Legal Counsel

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

Transfer Agent and Registrar

Odyssey Trust Company
Calgary, Alberta, Canada

MUFG Corporate Markets
Leeds, United Kingdom

UK Nominated Advisor and Joint Broker

Canaccord Genuity
London, United Kingdom

UK Joint Broker

Cavendish Capital Markets
London, United Kingdom

UK Public Relations

FTI Consulting
London, United Kingdom