

Touchstone Exploration Inc.

Interim Condensed Consolidated Financial Statements (unaudited)

As at and for the three and nine months ended September 30, 2026 and 2025

Touchstone Exploration Inc.
Interim Condensed Consolidated Balance Sheets
Unaudited, stated in thousands of United States dollars

As at	Note	September 30, 2026	December 31, 2025
Assets			
Current assets			
Cash		**8,098**	10,370
Restricted cash	10	**137**	-
Accounts receivable	4	**27,417**	28,169
Inventory		**251**	82
Prepaid expenses		**1,210**	904
		37,113	39,525
Exploration and evaluation assets	5	**6,705**	5,571
Property, plant and equipment	6	**178,420**	181,677
Restricted cash	10	**4,153**	3,602
Other assets		**764**	2,224
Abandonment fund	11	**9,906**	9,478
Total assets		**237,061**	242,077
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	**24,114**	32,891
Acquisition consideration payable	4	**8,571**	8,525
Income taxes payable	16	**754**	749
Convertible debenture	8	**11,102**	9,979
Current portion of bank debt	10	**12,714**	12,786
		57,255	64,930
Lease liabilities	9	**1,494**	2,982
Bank debt	10	**35,631**	44,685
Decommissioning liabilities	11	**12,106**	12,081
Share-based compensation liabilities	15	**171**	126
Deferred income taxes	16	**25,630**	23,605
Total liabilities		**132,287**	148,409
Shareholders' equity			
Shareholders' capital	12	**139,379**	129,205
Warrants	8	**269**	269
Contributed surplus		**7,418**	7,315
Accumulated other comprehensive loss		**(13,252)**	(14,040)
Deficit		**(29,040)**	(29,081)
Total shareholders' equity		**104,774**	93,668
Total liabilities and shareholders' equity		**237,061**	242,077

Going concern (Note 1)
Commitments (Note 19)

See accompanying notes to these unaudited interim condensed consolidated financial statements.

Touchstone Exploration Inc.
Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
Unaudited, stated in thousands of United States dollars (except per share amounts)

	Note	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Revenue					
Petroleum and natural gas sales	13	**16,460**	12,696	**46,469**	34,816
Less: royalties		**(3,640)**	(2,837)	**(10,939)**	(8,308)
Petroleum and natural gas sales, net of royalties		**12,820**	9,859	**35,530**	26,508
Other revenue		**14**	57	**23**	92
Total revenue		**12,834**	9,916	**35,553**	26,600
Expenses					
Operating		**3,503**	4,002	**10,627**	9,460
General and administration		**2,258**	2,867	**6,041**	7,717
Net finance	14	**2,085**	1,741	**5,653**	4,073
Transaction		**-**	169	**-**	471
Exploration		**58**	20	**174**	44
Foreign exchange (gain) loss	17	**(64)**	(99)	**236**	(263)
Share-based compensation	15	**378**	361	**595**	442
Depletion and depreciation	6	**3,204**	4,020	**9,721**	9,096
Total expenses		**11,422**	13,081	**33,047**	31,040
Income (loss) before income taxes		**1,412**	(3,165)	**2,506**	(4,440)
Provision for income taxes					
Current expense	16	**492**	1,020	**572**	1,357
Deferred expense (recovery)	16	**843**	(2,121)	**1,893**	(3,064)
Total income tax expense (recovery)		**1,335**	(1,101)	**2,465**	(1,707)
Net income (loss)		**77**	(2,064)	**41**	(2,733)
Currency translation adjustments	17	**156**	(618)	**788**	(233)
Comprehensive income (loss)		**233**	(2,682)	**829**	(2,966)
Net income (loss) per common share					
Basic and diluted	12	**0.00**	(0.01)	**0.00**	(0.01)

See accompanying notes to these unaudited interim condensed consolidated financial statements.

Touchstone Exploration Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended September 30
Unaudited, stated in thousands of United States dollars

	Note	2026	2025
Shareholders' capital			
Balance, beginning of period		**129,205**	115,610
Issued pursuant to private placement, net of fees	12	**1,772**	5,221
Issued pursuant to debenture repayment and resubscription	12	**8,402**	-
Balance, end of period		**139,379**	120,831
Warrants			
Balance, beginning of period	8	**269**	-
Issued pursuant to convertible debenture	8	**-**	269
Balance, end of period		**269**	269
Contributed surplus			
Balance, beginning of period		**7,315**	7,069
Share-based compensation expense	15	**96**	228
Share-based compensation capitalized	15	**7**	16
Balance, end of period		**7,418**	7,313
Accumulated other comprehensive loss			
Balance, beginning of period		**(14,040)**	(13,882)
Currency translation adjustments		**788**	(233)
Balance, end of period		**(13,252)**	(14,115)
Deficit			
Balance, beginning of period		**(29,081)**	(39,969)
Net income (loss)		**41**	(2,733)
Balance, end of period		**(29,040)**	(42,702)

See accompanying notes to these unaudited interim condensed consolidated financial statements.

Touchstone Exploration Inc.
Interim Condensed Consolidated Statements of Cash Flows
Unaudited, stated in thousands of United States dollars

	Note	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Operating activities					
Net income (loss)		**77**	(2,064)	**41**	(2,733)
Items not involving cash from operations:					
Unrealized foreign exchange (gain) loss	17	**(40)**	220	**237**	159
Share-based compensation expense	15	**378**	361	**595**	442
Depletion and depreciation expense	6	**3,204**	4,020	**9,721**	9,096
Non-cash finance expense	14	**910**	319	**1,874**	848
Deferred income tax expense (recovery)	16	**843**	(2,121)	**1,893**	(3,064)
Decommissioning expenditures settled	11	**-**	-	**(13)**	-
Funds flow from operations		**5,372**	735	**14,348**	4,748
Net change in non-cash working capital		**561**	4,115	**(389)**	5,479
Cash from operating activities		**5,933**	4,850	**13,959**	10,227
Investing activities					
Exploration and evaluation expenditures	5	**(401)**	(402)	**(1,119)**	(1,220)
Property, plant and equipment expenditures	6	**(1,355)**	(9,200)	**(5,376)**	(19,714)
Acquisition expenditures		**-**	-	**-**	(28,400)
Abandonment fund contributions	11	**(132)**	(129)	**(376)**	(449)
Net change in non-cash working capital		**(1,302)**	2,019	**(9,093)**	7,297
Cash used in investing activities		**(3,190)**	(7,712)	**(15,964)**	(42,486)
Financing activities					
Changes in restricted cash	10	**106**	78	**(688)**	(1,756)
Advance of bank debt, net of fees	10	**-**	-	**-**	29,423
Repayment of bank debt	10	**(3,553)**	(2,125)	**(9,232)**	(5,125)
Proceeds from debenture	12	**-**	-	**8,402**	-
Net proceeds from convertible debenture	8	**-**	11,706	**-**	11,706
Net finance lease payments	9	**(137)**	(547)	**(213)**	(1,304)
Issuance of common shares, net of fees	12	**(30)**	-	**1,772**	5,221
Net change in non-cash working capital		**(127)**	(25)	**(283)**	(4)
Cash (used in) from financing activities		**(3,741)**	9,087	**(242)**	38,161
Change in cash during the period		**(998)**	6,225	**(2,247)**	5,902
Cash, beginning of period		**9,150**	6,340	**10,370**	6,744
Impact of foreign exchange on foreign denominated cash balances		**(54)**	120	**(25)**	39
Cash, end of period		**8,098**	12,685	**8,098**	12,685
Supplementary information for cash from operating activities:					
Interest paid in cash	8,10,12	**1,004**	1,149	**3,417**	2,413
Income taxes paid in cash	16	**202**	47	**606**	255

See accompanying notes to these unaudited interim condensed consolidated financial statements.

1. Nature of Business

Touchstone Exploration Inc. and its subsidiaries (collectively, "Touchstone" or the "Company") are engaged in the business of petroleum and natural gas exploration, development, acquisition and production. The Company is currently active in the Republic of Trinidad and Tobago ("Trinidad"). Touchstone Exploration Inc. is incorporated under the laws of Alberta, Canada with its head and principal office located at 4100, 350 7th Avenue SW, Calgary, Alberta, Canada T2P 3N9. Touchstone's common shares are listed on the Toronto Stock Exchange ("TSX") and on the AIM market of the London Stock Exchange ("AIM") under the symbol "TXP".

Going Concern

These unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared on a going concern basis, which assumes the Company will continue in operational existence for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

As at September 30, 2026, the Company had a working capital deficit of $20.1 million. This amount included the $11.1 million carrying value of the convertible debenture, which has a contractual maturity date of August 2028 but is classified as a current liability due to the holder's conversion rights. During 2026, management executed on a number of initiatives designed to improve liquidity and strengthen the Company's capital structure. These included completing an integrated financing that generated net proceeds of $10.2 million and realizing improved operating cash flows driven by higher commodity prices and stable production.

While these actions have improved the Company's financial position and near-term liquidity outlook, the Company is required to make approximately $12.7 million of scheduled bank debt principal repayments over the next twelve months and continues to await recovery of approximately $12.0 million of outstanding value added tax ("VAT") receivables. The Company also has estimated minimum contractual payments of approximately $13.1 million due during the remainder of 2026 (Note 19), of which approximately $11.2 million relates to the Ortoire exploration commitment and the Balata East development well obligation, which the Company is seeking to defer.

The Company's forecasted cash flows remain dependent on commodity prices, production performance and the successful execution or deferral of its committed development capital program. Adverse movements in commodity prices, operational disruptions or delays in development activities or VAT recovery could negatively affect cash flows. Absent mitigating actions, material negative changes in the Company's operating environment could impact the Company's ability to meet its debt obligations and contractual expenditures. Accordingly, based on its assessment of the relevant facts and circumstances, the Company has concluded that these conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern remains dependent upon generating sufficient operational cash flows, executing its development work program, receiving timely recoveries of outstanding VAT receivables, sustained commodity prices and successfully restructuring minimum work commitments. If necessary, the Company may execute additional financial or operational liquidity measures, including deferring discretionary development capital, managing the timing of operational expenditures and pursuing debt restructuring or refinancing options with its lenders. There can be no assurance that these initiatives will be successfully executed on terms acceptable to the Company or on a timely basis.

These financial statements do not reflect adjustments to the carrying values or classification of assets and liabilities or the reported amounts of revenues and expenses, which would be necessary should the going concern assumption be determined to be inappropriate. Such adjustments could be material.

2. Basis of Preparation

The financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). These financial statements are condensed as they do not include all the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025 (the "2025 audited financial statements").

Unless otherwise stated, all amounts presented in these financial statements are denominated in United States dollars ("$" or "US$"). Canadian dollars ("C$") and Trinidad and Tobago dollars ("TT$") may also be referenced herein.

These financial statements have been prepared on a historical cost basis, except those items presented at fair value as detailed in the accounting policies disclosed in Note 3 "Summary of Material Accounting Policies" of the 2025 audited financial statements. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous year, except as disclosed in Note 3.

These financial statements were approved and authorized for issuance by Touchstone's Board of Directors (the "Board") on November 12, 2026.

3. Changes to Accounting Policies

New Accounting Policies

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On January 1, 2026, Touchstone adopted the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* regarding the classification and measurement of financial instruments. These amendments included clarifications on the timing of recognition and derecognition of financial assets and liabilities and updated requirements for assessing the contractual cash flow characteristics of financial assets. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Standards Issued but Not Yet Effective

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") was issued in April 2024 and replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces a defined structure to the statements of comprehensive income, including new totals, subtotals and categories for income and expenses. In addition, management defined performance measures will require note disclosure. IFRS 18 is required to be adopted retrospectively and is effective for fiscal years beginning on or after January 1, 2027, with early adoption permitted. The Company has commenced its assessment of the standard, including the expected impacts on the presentation of its financial statements and related disclosures. The adoption of IFRS 18 is not expected to affect the recognition or measurement of the Company's assets, liabilities, income or expenses.

4. Financial Assets and Credit Risk

As at September 30, 2026, Touchstone's exposure to credit risk related primarily to its accounts receivable balances. Credit risk is typically considered low for the Company's accounts receivable balances, as exposure primarily relates to monthly commodity sales to Government of Trinidad and Tobago ("GOTT") owned entities and a third-party liquefied natural gas marketing company, joint

interest billings from Heritage Petroleum Company Limited ("Heritage") and VAT receivables from the GOTT.

Petroleum and natural gas ("P&NG") sales are generally collected within one to three months following production. As at September 30, 2026, approximately 16.9 percent of the Company's credit exposure was attributed to accrued revenue predominantly from September 2026 production volumes. Joint interest billings are typically settled within one to three months following invoicing. The following table discloses the composition and aging of Touchstone's accounts receivable balances, representing the Company's maximum credit risk exposure.

($000's)	**September 30, 2026**	December 31, 2025
Composition		
Petroleum and natural gas sales	**4,628**	3,531
Joint interest billings	**1,414**	5,669
VAT	**11,950**	9,420
Other	**854**	1,024
Amount to be remitted pursuant to acquisition	**8,571**	8,525
Accounts receivable balance	**27,417**	28,169
Aging		
Current (less than 30 days)	**6,188**	8,895
31-60 days	**705**	1,432
61-90 days	**565**	1,438
Past due (greater than 90 days)	**11,388**	7,879
	18,846	19,644
Amount to be remitted pursuant to acquisition	**8,571**	8,525
Accounts receivable balance	**27,417**	28,169

Accounts receivable includes $8,571,000 (December 31, 2025 - $8,525,000) of VAT and income taxes receivable from the GOTT, which were recognized in connection with the 2025 acquisition of the Central block entity. Under the share purchase agreement, these amounts are remitted to the seller only upon collection. As a corresponding liability is recorded as acquisition consideration payable, the Company bears no credit risk on these balances.

As at September 30, 2026, the Company determined the expected credit loss on its accounts receivables was $nil. The Company has historically experienced extended collection timelines for VAT receivables but has not experienced a loss on amounts owing from the GOTT. Management considers the balance recoverable, although the timing of recovery remains uncertain.

5. Exploration and Evaluation Assets

($000's)	**Nine months ended September 30, 2026**	Year ended December 31, 2025
Balance, beginning of period	**5,571**	3,743
Additions	**1,103**	1,848
Effect of change in foreign exchange rates	**31**	(20)
Balance, end of period	**6,705**	5,571

As at September 30, 2026, $3,152,000 of the exploration and evaluation asset carrying value related to the Ortoire operating area. The exploration period under the Ortoire exploration and production licence with the GOTT Ministry of Energy and Energy Industries ("MEEI") expired on July 31, 2026. Prior to expiry, Touchstone and Heritage applied to the MEEI for a three-year extension of the exploration period and a deferral of the remaining two-well exploration commitment

(Note 19). The extension remains subject to formal approval by the MEEI and execution of the related licence amendment.

Based on the MEEI's acknowledgement of the application, Heritage's support of the request, and the MEEI's historical practice of granting such extensions, management expects the extension to be granted and considers the time taken to date to reflect normal regulatory approval timelines in Trinidad. Accordingly, no indicators of impairment were identified as at September 30, 2026. Should the extension not be granted, some or all of the Ortoire exploration and evaluation carrying amount may be impaired.

6. Property, Plant and Equipment

($000's)	P&NG development assets	Right-of-use assets	Corporate assets	Total
Cost				
Balance, January 1, 2025	207,481	7,099	3,959	218,539
Acquired on close of acquisition	43,828	-	-	43,828
Additions	26,511	43	49	26,603
Transfers within PP&E	1,307	(1,307)	-	-
Change in decommissioning assets (Note 11)	3,124	-	-	3,124
Lease modification (Note 9)	-	269	-	269
Dispositions	(1,792)	-	-	(1,792)
Foreign exchange translation	(639)	34	101	(504)
Balance, December 31, 2025	**279,820**	**6,138**	**4,109**	**290,067**
Additions	**6,882**	**-**	**-**	**6,882**
Transfers within PP&E	**21**	**(21)**	**-**	**-**
Change in decommissioning assets (Note 11)	**(262)**	**-**	**-**	**(262)**
Lease modification (Note 9)	**-**	**(859)**	**-**	**(859)**
Foreign exchange translation	**1,285**	**4**	**(81)**	**1,208**
Balance, September 30, 2026	**287,746**	**5,262**	**4,028**	**297,036**
Accumulated depletion, depreciation and impairment				
Balance, January 1, 2025	92,219	1,728	2,210	96,157
Depletion and depreciation	11,573	610	302	12,485
Foreign exchange translation	(351)	7	92	(252)
Balance, December 31, 2025	**103,441**	**2,345**	**2,604**	**108,390**
Depletion and depreciation	**9,040**	**466**	**215**	**9,721**
Foreign exchange translation	**577**	**-**	**(72)**	**505**
Balance, September 30, 2026	**113,058**	**2,811**	**2,747**	**118,616**
Carrying amounts				
Balance, December 31, 2025	176,379	3,793	1,505	181,677
Balance, September 30, 2026	**174,688**	**2,451**	**1,281**	**178,420**

During the three and nine months ended September 30, 2026, the Company capitalized $115,000 and $327,000 of direct and attributable overhead charges to property, plant and equipment ("PP&E"), respectively (2025 - $99,000 and $306,000).

As at September 30, 2026, the Company evaluated its P&NG development assets included in PP&E for indicators of any potential impairment or reversal. As a result of this assessment, no indicators were identified.

7. Financial Liabilities and Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. Touchstone manages this risk through prudent cash and debt management practices,

including the continuous monitoring of actual and forecasted cash flows, maintaining appropriate working capital levels and monitoring ongoing compliance with annual financial covenants under its loan agreement. The Company also regularly assesses its ability to access additional liquidity through debt or equity financings as required.

As at September 30, 2026, the Company reported a working capital deficit of $20,142,000, with its revolving credit facility fully drawn (Note 10). Given the nature of Touchstone's capital-intensive upstream operations, where operating cash flows are routinely reinvested into development and exploration programs, the Company historically and typically operates in a working capital deficit position. The deficit as at September 30, 2026 was primarily driven by $12,714,000 of bank debt amortizing within the next twelve months, and the required accounting classification of the $11,102,000 convertible debenture as a current liability due to the holder's continuous conversion option, notwithstanding its August 2028 contractual maturity (Note 8).

In June 2026, the Company executed an integrated financing, enhancing liquidity, securing growth capital for the remainder of the 2026 capital program and addressing near-term working capital pressures (Note 12).

Notwithstanding these developments, the Company has material scheduled bank debt repayments over the next twelve months and remains exposed to commodity price volatility, production performance, development execution and uncertainty surrounding the timing of recovery of outstanding VAT receivables. Adverse changes in these factors could reduce available liquidity and impact the Company's ability to satisfy its financial obligations as they become due. Management can preserve liquidity by deferring discretionary capital expenditures, adjusting the timing of operational outlays, and pursuing amendments to, or refinancing of, its existing credit facilities (Note 1).

Touchstone's near-term development strategy is focused on increasing operating cash flows through its ongoing development activities. The Company intends to maintain a disciplined capital allocation framework to preserve financial flexibility and ensure it can satisfy current and anticipated financial obligations, including planned capital expenditures and contractual commitments.

The following table summarizes the Company's estimated undiscounted contractual cash outflows and financial maturities of its financial liabilities as at September 30, 2026.

($000's)	**Undiscounted cash outflows**[1]	**Financial maturity by period**		
		Less than 1 year	**1 to 3 years**	**Thereafter**
Accounts payable and accrued liabilities[2]	**22,119**	22,119	-	-
Income taxes payable (Note 16)	**754**	754	-	-
Convertible debenture[3] (Note 8)	**13,658**	625	13,033	-
Lease liabilities[3] (Note 9)	**3,436**	1,566	755	1,115
Bank debt[3][4] (Note 10)	**55,326**	15,724	28,911	10,691
Share-based compensation liabilities[5] (Note 15)	**766**	595	171	-
Total financial liabilities[6]	**96,059**	**41,383**	**42,870**	**11,806**

Notes:
(1) Undiscounted cash outflows represent total estimated payments and may differ from financial statement carrying values.
(2) Excludes the current portions of lease liabilities and share-based compensation liabilities, which are presented separately.
(3) Includes both notional/contractual interest and principal components.
(4) Future interest payments are based on interest rates in effect as of September 30, 2026. Interest rates on three of the Company's loan facilities are reset annually (Note 10).
(5) Represents accrued obligations for share-based compensation awards expected to be settled in cash.
(6) Excludes the $8,571,000 carrying value of the acquisition consideration payable to the seller of the Central block entity, which shall be remitted on collection of the related pass-through receivables.

Refer to Note 8 "Convertible Debenture", Note 10 "Bank Debt", Note 18 "Capital Management" and Note 19 "Commitments" for further details regarding the Company's debt structure, capital management objectives and contractual obligations.

8. Convertible Debenture

On August 8, 2025, the Company issued a secured convertible debenture to a private investor for gross proceeds of $12.5 million. The convertible debenture matures on August 8, 2028, and bears interest at 5 percent per annum, payable semi-annually on June 30 and December 31.

The convertible debenture is convertible into common shares of the Company at the holder's option at any time prior to maturity at a conversion price of approximately US$0.22 per share (representing the equivalent of C$0.30 per share). 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.

As at September 30, 2026, the fair value of the convertible debenture was estimated at $11,102,000, resulting in losses of $794,000 and $1,123,000 recognized within net finance expense during the three and nine months ended September 30, 2026, respectively. The convertible debenture is classified as a current liability because the holder has the option to convert the instrument into common shares at any time.

The following table summarizes the change in the carrying value of the convertible debenture for the periods indicated.

($000's)	**Nine months ended September 30, 2026**	Year ended December 31, 2025
Balance, beginning of period	**9,979**	-
Issuance	**-**	11,606
Change in fair value	**1,123**	(1,627)
Balance, end of period	**11,102**	9,979
Current	**11,102**	9,979
Non-current	**-**	-
Convertible debenture balance	**11,102**	9,979

Detachable Warrants

In connection with the issuance of the convertible debenture, the Company issued 6,250,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of C$0.40 through August 8, 2027.

The warrants were valued at $269,000 using the Black-Scholes option pricing model, based on assumptions regarding the volatility of the underlying share price, the risk-free interest rate and the expected term. The value assigned to the warrants was recognized in equity upon issuance and is not subject to subsequent remeasurement.

9. Lease Liabilities

Touchstone is a party to lease arrangements for a drilling rig, office facilities, vehicles and equipment.

The following table provides a continuity of the Company's lease liabilities for the periods indicated.

($000's)	**Nine months ended September 30, 2026**	Year ended December 31, 2025
Balance, beginning of period	**4,241**	5,866
Additions	**-**	43
Interest expense	**267**	499
Repayments	**(638)**	(2,402)
Modifications	**(969)**	237
Effect of change in foreign exchange rates	**(7)**	(2)
Balance, end of period	**2,894**	4,241
Current (included in accounts payable and accrued liabilities)	**1,400**	1,259
Non-current	**1,494**	2,982
Lease liabilities balance	**2,894**	4,241

During the nine months ended September 30, 2026, the Company recorded a lease modification reduction of $969,000, reflecting an adjustment to the estimated lease term of the drilling rig contract.

10. Bank Debt

The Company has four credit facilities pursuant to a Fourth Amended and Restated Loan Agreement (the "Loan Agreement") with its Trinidad-based lender. The following table summarizes the Company's credit facilities under the Loan Agreement as at September 30, 2026.

Facility	**Amount** *($000's)*	**Maturity date**	**Current interest rate per annum**	**Principal balance** *($000's)*
Term loan facility 1	30,000	June 15, 2027	7.85% (fixed)	4,500
Term loan facility 2	10,000	April 30, 2029	5.96% (annually reset)	6,875
Term loan facility 3	30,000	May 12, 2031	7.98% (annually reset)	27,143
Revolving loan facility	10,000	June 1, 2028	5.86% (annually reset)	10,000
Total				**48,518**

As at September 30, 2026, outstanding principal balances totalled $48,518,000, and there was no remaining available capacity under the revolving loan facility. The following table summarizes the movements of the Company's bank debt balances for the periods indicated.

($000's)	**Term loan facility 1**	**Term loan facility 2**	**Term loan facility 3**	**Revolving loan facility**	**Bank debt**
Balance, January 1, 2025	14,993	9,798	-	10,000	34,791
Advances, net of fees	-	-	29,423	-	29,423
Repayments	(6,000)	(1,250)	-	-	(7,250)
Accretion	7	76	424	-	507
Balance, December 31, 2025	**9,000**	**8,624**	**29,847**	**10,000**	**57,471**
Repayments	**(4,500)**	**(1,875)**	**(2,857)**	**-**	**(9,232)**
Accretion	**-**	**46**	**60**	**-**	**106**
Balance, September 30, 2026	**4,500**	**6,795**	**27,050**	**10,000**	**48,345**
Current	**4,500**	**2,500**	**5,714**	**-**	**12,714**
Non-current	**-**	**4,295**	**21,336**	**10,000**	**35,631**
Bank debt balance	**4,500**	**6,795**	**27,050**	**10,000**	**48,345**

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

subsidiaries. As at September 30, 2026, the Company was compliant with all covenants provided for in the Loan Agreement. The financial covenants under the Loan Agreement are tested annually as at December 31. The Company has obtained a waiver from its lender of the debt service coverage ratio covenant for the annual test as at December 31, 2026 (Note 1).

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. As at September 30, 2026, $4,290,000 was held in restricted accounts, of which $137,000 was classified as current restricted cash and $4,153,000 was classified as non-current restricted cash based on the maturity profile of the underlying term debt obligations (December 31, 2025 - $nil and $3,602,000, respectively).

11. Decommissioning Liabilities and Abandonment Fund

Decommissioning Liabilities

As at September 30, 2026, the estimated net present value of the decommissioning liabilities was $12,106,000, based on an undiscounted uninflated liability of $15,667,000 (December 31, 2025 - $12,081,000 and $15,532,000, respectively). The liabilities were calculated using a weighted average risk-free discount rate of 5.9 percent and a long-term inflation rate of 1.9 percent (December 31, 2025 - 5.7 percent and 2.1 percent, respectively).

The following table summarizes the changes in the Company's decommissioning liability provision for the periods indicated.

($000's)	**Nine months ended September 30, 2026**	Year ended December 31, 2025
Balance, beginning of period	**12,081**	9,985
Liabilities incurred from development activities	**45**	417
Liabilities acquired on close of acquisition	**-**	3,184
Liabilities settled	**(13)**	-
Accretion expense	**251**	345
Revisions to estimates	**(324)**	2,710
Dispositions	**-**	(4,528)
Effect of change in foreign exchange rates	**66**	(32)
Balance, end of period	**12,106**	12,081

Abandonment Fund

Under the terms of the Company's production and exploration licences and related agreements, Touchstone is required to contribute to designated abandonment funds based on production volumes. These funds are restricted for use in the future abandonment of wells within the respective licenced areas. As at September 30, 2026, the Company recognized $9,906,000 as non-current abandonment fund assets (December 31, 2025 - $9,478,000).

12. Shareholders' Capital

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value. Holders of common shares are entitled to one vote per share at meetings of shareholders and are entitled to receive any dividends declared by the Company.

Issued and Outstanding Common Shares

The following table summarizes changes in the number of common shares outstanding and the related shareholders' capital for the periods indicated.

	Number of shares outstanding	Shareholders' capital *($000's)*
Balance, January 1, 2025	236,460,661	115,610
Issued pursuant to private placements, net of fees	88,272,948	13,595
Balance, December 31, 2025	**324,733,609**	**129,205**
Issued pursuant to private placement, net of fees	26,631,330	1,772
Issued pursuant to debenture repayment and resubscription	89,765,000	8,402
Balance, September 30, 2026	**441,129,939**	**139,379**

Private placement and debenture settlement

On June 10, 2026, the Company completed a multi-jurisdictional integrated financing transaction consisting of a common share private placement and the issuance of an unsecured, non-convertible debenture with a principal amount of $8,402,000 to Purebond Limited ("Purebond"), a related party, pursuant to a subscription agreement dated June 4, 2026 (the "Purebond Debenture").

June 2026 common share placement

Under the private placement, the Company issued an aggregate of 26,631,330 common shares at a price of 7 pence (C$0.13) per share for gross proceeds of $2,492,000 ($1,772,000 net of transaction costs). This placement comprised a first tranche subscription of 20,235,000 common shares by Purebond and a subscription of 6,396,330 common shares with investors in the United Kingdom and Canada.

Purebond Debenture and July 2026 settlement

In connection with the issuance of the Purebond Debenture, the Company and Purebond entered into a repayment and subscription agreement dated June 10, 2026. On July 24, 2026, following the receipt of regulatory approvals and independent shareholder approval at the Company's annual and special meeting on July 23, 2026, the $8,402,000 Purebond Debenture was repaid in full. In accordance with the underlying repayment and subscription agreement, the repayment proceeds were immediately redirected to a subscription by Purebond for 89,765,000 common shares at the private placement issue price. Accrued interest on the Purebond Debenture totaling $51,000 was subsequently settled in cash. The repayment of the Purebond Debenture and the related subscription for common shares were non-cash transactions and have been excluded from the interim condensed consolidated statements of cash flows.

Purebond is a related party of the Company, and its participation in the integrated financing constituted a related party transaction within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. A special committee composed entirely of independent directors evaluated the transaction structure and alternatives, ultimately recommending that the Board approve the transaction. Following completion of these transactions, Purebond held 160,000,000 common shares, representing approximately 36.3 percent of the Company's issued and outstanding common shares on an undiluted basis.

Purebond is a related party by virtue of its shareholding, which was approximately 15.4 percent prior to the integrated financing, and its right to nominate a director to the Board. Mr. Bhupendra Kansagra, a director of the Company nominated by Purebond, holds a partial indirect economic interest in Purebond. As at September 30, 2026, no amounts were owing to or from Purebond.

Weighted Average Common Shares

The following table presents the weighted average number of common shares used in the calculation of basic and diluted net income (loss) per share.

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Weighted average common shares outstanding - basic	**418,688,689**	261,097,246	**358,444,691**	248,914,319
Dilutive impact of share-based compensation plans and convertible debenture	**-**	-	**-**	-
Weighted average common shares outstanding - diluted	**418,688,689**	261,097,246	**358,444,691**	248,914,319

For the three and nine months ended September 30, 2026, approximately 4.9 million stock options (2025 - 8.5 million) and the common shares potentially issuable under the convertible debenture and related warrants (Note 8) were excluded from the diluted weighted average calculation as they were anti-dilutive.

13. Petroleum and Natural Gas Sales

($000's)	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Crude oil	**5,726**	5,833	**19,030**	18,593
Natural gas liquids	**1,799**	1,340	**5,251**	2,238
Natural gas	**8,935**	5,523	**22,188**	13,985
Petroleum and natural gas sales	**16,460**	12,696	**46,469**	34,816

Revenue is typically collected within one to three months following production. As at September 30, 2026, accounts receivable related to P&NG sales totalled $4,628,000 (December 31, 2025 - $3,531,000).

14. Net Finance Expense

($000's)	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Interest income	**(3)**	(42)	**(5)**	(104)
Debenture interest expense (Note 12)	**28**	-	**51**	-
Convertible debenture interest expense (Note 8)	**157**	92	**467**	92
Convertible debenture issuance expense (Note 8)	**-**	167	**-**	167
Convertible debenture revaluation loss (Note 8)	**794**	-	**1,123**	-
Lease liability interest expense (Note 9)	**71**	119	**267**	386
Bank debt interest expense (Note 10)	**919**	1,144	**2,985**	2,725
Accretion on bank debt (Note 10)	**37**	66	**106**	441
Accretion on decommissioning liabilities (Note 11)	**84**	95	**251**	246
Other	**(2)**	100	**408**	120
Net finance expense	**2,085**	1,741	**5,653**	4,073

15. Share-based Compensation Plans

The Company maintains share-based compensation plans to align the interests of employees, directors and officers with those of shareholders. Under the Omnibus Incentive Compensation Plan ("Omnibus Plan") adopted in June 2023, the Company may issue stock options, restricted share units ("RSUs") and performance share units ("PSUs"). The Omnibus Plan replaced the Company's former Stock Option Plan, although stock options granted prior to June 2023 remain outstanding under their original terms. Additionally, the Company maintains a Deferred Share Unit ("DSU") Plan, adopted in June 2023, to grant DSUs to non-employee directors.

The aggregate number of common shares reserved for issuance under all share-based compensation plans is limited to 10 percent of the Company's issued and outstanding common shares.

Equity-settled Awards: Stock Options

The following table summarizes outstanding stock option activity for the periods specified.

	Number of stock options outstanding	Weighted average exercise price *(C$)*
Issued and outstanding, January 1, 2025	11,731,000	1.25
Forfeited	(1,379,666)	1.37
Expired	(3,032,334)	0.83
Issued and outstanding, December 31, 2025	**7,319,000**	**1.40**
Forfeited	(252,500)	1.31
Expired	(2,179,000)	1.69
Issued and outstanding, September 30, 2026	**4,887,500**	**1.28**
Exercisable, September 30, 2026	**4,887,500**	**1.28**

Cash Settled Awards

The following table summarizes outstanding cash-settled awards for the periods indicated.

(number of share awards outstanding)	RSUs	PSUs[1]	DSUs
Issued and outstanding, January 1, 2025	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**
Granted	**2,082,040**	**2,082,040**	**978,500**
Settled in cash	**(1,361,100)**	**-**	**(141,667)**
Forfeited	**(146,498)**	**-**	**-**
Issued and outstanding, September 30, 2026	**4,419,551**	**6,165,349**	**3,290,589**

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 for the periods indicated.

($000's)	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Equity-settled compensation	**36**	95	**103**	244
Cash-settled compensation	**360**	274	**530**	224
Capitalized expense	**(18)**	(8)	**(38)**	(26)
Share-based compensation expense	**378**	361	**595**	442

Share-based Compensation Liabilities

The following table summarizes changes in share-based compensation liabilities for the periods specified.

($000's)	Nine months ended September 30, 2026	Year ended December 31, 2025
Balance, beginning of period	**429**	500
Liability incurred from grant of DSUs	**112**	283
Settled in cash	**(168)**	(90)
Increase in liability related to RSUs and PSUs	**247**	411
Fair value adjustments	**171**	(703)
Effect of changes in foreign exchange rates	**(25)**	28
Balance, end of period	**766**	429
Current (included in accounts payable and accrued liabilities)	**595**	303
Non-current	**171**	126
Share-based compensation liabilities balance	**766**	429

16. Income Taxes

The Company's operations in Trinidad are subject to a combined statutory Petroleum Profits Tax ("PPT") and Unemployment Levy ("UL") rate of 55 percent. The following table reconciles the expected income tax expense (recovery) at the combined Trinidad statutory rate to the income tax expense (recovery) recognized during the three and nine months ended September 30, 2026 and 2025.

($000's unless otherwise stated)	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Net income (loss) before taxes	**1,412**	(3,165)	**2,506**	(4,440)
Statutory combined PPT and UL rate	**55.0%**	55.0%	**55.0%**	55.0%
Expected income tax expense (recovery)	**777**	(1,741)	**1,378**	(2,442)
Effect on income tax resulting from:				
Change in tax assets not recognized	**8**	83	**(525)**	(567)
Income tax rate differential	**172**	(265)	**(1,053)**	963
Effect of change in foreign exchange rates and other	**378**	822	**2,665**	339
Income tax expense (recovery)	**1,335**	(1,101)	**2,465**	(1,707)

The Company's net deferred income tax liability relates entirely to its Trinidad-based subsidiaries. The following table outlines the components of the net deferred income tax liabilities for the periods specified.

($000's)	**September 30, 2026**	December 31, 2025
Deferred income tax liabilities:		
PP&E in excess of income tax basis	**72,124**	69,589
Other	**-**	48
Deferred income tax assets:		
Decommissioning liabilities	**(6,658)**	(6,645)
Lease liabilities	**(1,238)**	(1,858)
Bank debt	**(271)**	(379)
Non-capital losses	**(26,673)**	(28,027)
Intercompany interest	**(11,654)**	(9,123)
Net deferred income tax liability	**25,630**	23,605

As at September 30, 2026, the Company's net deferred income tax liability increased by $2,025,000 compared to December 31, 2025. This increase was primarily due to a $1,893,000 deferred tax expense recognized in net income, as well as $132,000 related to foreign currency translation recognized in other comprehensive income.

Tax legislation, regulations and interpretations continue to evolve in the jurisdictions in which the Company operates. Consequently, income tax matters are subject to ongoing review and potential audit. The tax provisions and balances recognized reflect management's best estimate of income tax laws and regulations enacted or substantively enacted as at September 30, 2026.

17. Financial Instruments and Market Risk Management

Financial Instruments and Fair Value

As at September 30, 2026, the Company's financial instruments measured at amortized cost included accounts receivable, restricted cash, accounts payable and accrued liabilities, acquisition consideration payable, lease liabilities and bank debt.

The carrying values of Touchstone's accounts receivable, accounts payable and accrued liabilities and acquisition consideration payable as at September 30, 2026 approximate their fair values due to the short-term nature of these instruments.

As at September 30, 2026, the fair value of the Company's bank debt, which is measured at amortized cost, approximated its carrying value of $48,345,000 (December 31, 2025 - $57,471,000). Interest rates on term loan facilities 2 and 3 and the revolving loan facility are reset annually based on the one-year Secured Overnight Financing Rate, and term loan facility 1, which bears a fixed interest rate, is fully accreted and matures in June 2027 (Note 10). The fair value of bank debt is classified within Level 2 of the fair value hierarchy.

The convertible debenture is a financial instrument measured at fair value on a recurring basis and classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs. Fair value is estimated using a valuation model that incorporates assumptions regarding the expected volatility of the Company's share price, the risk-free interest rate, the credit risk associated with the convertible debenture, forward foreign exchange rates and the expected timing and likelihood of conversion. A reconciliation of the changes in the fair value of the convertible debenture is presented in Note 8.

There were no transfers between levels in the fair value hierarchy for the nine months ended September 30, 2026.

Market Risk Management

Commodity price risk

The Company's financial performance is directly influenced by the prices received for crude oil, NGLs and natural gas production. Commodity prices are subject to significant volatility due to regional and global market forces. As at September 30, 2026, the Company had no active derivative financial instruments or commodity hedges outstanding. This exposure is partially mitigated by a long-term fixed-price natural gas sales agreement that covers a portion of its natural gas production.

Foreign currency risk

The Company is exposed to foreign exchange risk through financial assets and liabilities denominated in foreign currencies. Touchstone's policy is to manage foreign currency exposure by matching revenue and expenditures in the same currency wherever practical. The Company currently does not employ foreign exchange hedging strategies.

As the Company's operations are based in Trinidad, fluctuations in the TT$ relative to the US$ may materially affect financial results. Although crude oil sales are priced in US$ benchmarks, the majority of related sales invoices are paid in TT$, creating exposure to TT$/US$ movements. Additional exposure arises from US$-denominated bank debt and convertible debenture balances, including related interest payments. This risk is partially mitigated by the TT$'s informal peg to the US$. Furthermore, sales of NGLs and natural gas are denominated and settled in US$.

The Company is also exposed to foreign exchange fluctuations on C$ and pound sterling denominated balances, as well as on general and administration expenses incurred at its Canadian head office and for maintaining its AIM listing in the United Kingdom. Material movements in C$/US$ or pounds sterling to US$ exchange rates could impact reported results.

Interest rate risk

Interest rate risk arises from the potential for changes in market interest rates to affect the Company's financial results and cash flows. Touchstone is exposed to interest rate fluctuations on its term loan facilities 2 and 3, and its revolving loan facility, as the applicable interest rates are reset annually based on the one-year Secured Overnight Financing Rate (Note 10).

18. Capital Management

Touchstone's long-term strategy is to maintain a net debt to trailing twelve-month funds flow from operations ratio of 2.0 times or less under normalized commodity price conditions. This ratio may temporarily exceed the target due to major capital investments, acquisitions or periods of weaker commodity prices. The Company also monitors its net debt to managed capital ratio, targeting a ratio of less than 0.4 to 1 to prioritize equity over debt financing.

The Company's internal capital management calculations for the periods indicated are set forth in the following table.

($000's)	**Target measure**	**September 30, 2026**	December 31, 2025
Current assets		**(37,113)**	(39,525)
Current liabilities		**57,255**	64,930
Working capital deficit[1]		**20,142**	25,405
Less: current portion of convertible debenture		**(11,102)**	(9,979)
Adjusted working capital deficit[1]		**9,040**	15,426
Principal balance of non-current bank debt		**35,804**	44,964
Principal balance of convertible debenture		**12,500**	12,500
Net debt[1]		**57,344**	72,890
Shareholders' equity		**104,774**	93,668
Managed capital[1]		**162,118**	166,558
Trailing twelve-month funds flow from operations[2]		**14,971**	5,371
Net debt to funds flow from operations ratio[1]	At or < 2.0 times	**3.83**	13.57
Net debt to managed capital ratio[1]	< 0.4 times	**0.35**	0.44

Notes:
(1) Working capital deficit, adjusted working capital deficit, net debt, managed capital, net debt to funds flow from operations ratio and net debt to managed capital ratio are non-IFRS capital management measures or ratios and do not have standardized meanings under IFRS. Consequently, they may not be comparable to similar measures presented by other entities.
(2) Trailing twelve-month funds flow from operations as at September 30, 2026 represents the sum of funds flow from operations for the nine months ended September 30, 2026 and the three months ended December 31, 2025.

As at September 30, 2026, the Company's net debt to trailing twelve-month funds flow from operations ratio was 3.83 times. The ratio exceeded the long-term target primarily due to higher net debt following the issuance of the convertible debenture and increased bank debt drawn to fund the Central block acquisition and its capital programs. The ratio improved from 13.57 times at December 31, 2025, as trailing twelve-month funds flow from operations increased to $14,971,000, driven by higher contributions from the Central block P&NG asset and stronger realized commodity prices during 2026. Net debt also decreased $15,546,000 to $57,344,000, primarily due to net proceeds from the integrated financing and funds flow from operations in excess of capital expenditures.

19. Commitments

Touchstone has contractual obligations incurred in the normal course of business. These include minimum work commitments under operating agreements with Heritage, licence payments and exploration commitments under its exploration and production licences with the MEEI, short-term lease and variable lease payments. Lease liabilities recognized in the consolidated balance sheet are described in Note 9. The following table summarizes the Company's estimated undiscounted minimum contractual payments as at September 30, 2026.

($000's)		**Estimated payments due by year**			
	Total	**Remainder of 2026**	**2027**	**2028**	**Thereafter**
Operating agreements	**14,535**	2,616	6,849	2,042	3,028
Exploration agreements	**57,284**	10,363	11,680	22,293	12,948
Short-term and variable leases	**852**	103	218	154	377
Minimum payments	**72,671**	**13,082**	**18,747**	**24,489**	**16,353**

Under its operating agreements with Heritage, the Company is required to fulfil minimum work commitments on an annual basis over each licence term. The Company is required to drill seven development wells in 2026. As at September 30, 2026, two of these wells had been drilled, and a

third was being drilled and reached total depth on October 4, 2026. A fourth well, on the WD-4 block, was spud in October 2026. Of the remaining three wells, two on the CO-1 block are expected to be drilled in 2027, pending required environmental approvals, and the Company is evaluating alternatives with Heritage to satisfy the remaining obligation.

As at September 30, 2026, the Company was committed to drilling an aggregate of ten exploration wells across its exploration properties by the end of 2029. Two of these wells are required on the Ortoire block, the exploration period of which expired on July 31, 2026. Touchstone and Heritage have requested a three-year extension of the exploration period and a deferral of the two-well drilling commitment, which remain subject to formal approval by the MEEI and execution of the related licence amendment.

Corporate Information

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Chair of the Board

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

Corporate Secretary
Sarah Gingrich

Officers
Paul R. Baay
President and Chief Executive Officer

Scott Budau
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