



# TOUCHSTONE

EXPLORATION INC.

***“Our goal is to become the largest and most profitable onshore producer in Trinidad”***

September 2018

LSE / TSX: TXP

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## Forward-looking Information

Certain information regarding Touchstone set forth in this presentation, including assessments by the Company's Management of the Company's plans and future operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and other similar expressions. Statements relating to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. Such statements represent the Company's internal projections, estimates or beliefs concerning future growth, results of operations based on information currently available to the Company based on assumptions that are subject to change and are beyond the Company's control, such as: production rates and production decline rates, the magnitude of and ability to recover oil and gas reserves, plans for and results of drilling activity, well abandonment costs, the ability to secure necessary personnel, equipment, production licenses and services, environmental matters, future commodity prices, changes to prevailing regulatory, royalty, tax and environmental laws and regulations, the impact of competition, future capital and other expenditures (including the amount, nature and sources of funding thereof), future financing sources and business prospects and opportunities, among other things. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance or results.

In particular, forward-looking statements contained in this presentation may include, but are not limited to, statements with respect to: the Company's operational strategy, including targeted jurisdictions and technologies used to execute its strategy; crude oil production levels; the quantity of the Company's reserves; drilling and recompletion plans and the anticipated timing thereof; future capital and exploration expenditures, the timing thereof and the method of funding; activities to be undertaken in various areas and timing thereof; treatment under governmental regulatory regimes and tax laws; and the Company's future sources of liquidity.

Actual results, performance or achievement could differ materially from that expressed in, or implied by any forward-looking statements or information in this presentation, and accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Touchstone undertakes no obligation to update any forward-looking statements or information 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 securities laws. All forward-looking statements and information contained in this presentation are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for Management to predict all of such factors and 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.

## Growth



### Scalable Economic Growth

19 onshore blocks, 10 producing blocks and over 200 defined drilling locations<sub>(1)</sub>



### Exploration Upside

Explore new opportunities that if successful could represent step changes for the Company



### Value Creation

Cash flow positive with a strong balance sheet to support our current capital program



## People and Culture

We moved to **100%** local content by flattening the organization and promoting internal talent

- **77** employees in Trinidad
- **14** employees in Canada
- Enhancing our social licence to operate



## Focused Operations

Focused on projects in Trinidad to grow production while reducing operating costs

- Increased per barrel operating netback by **92%**<sup>(2)</sup>
- Reduced 2018 per foot drilling costs by **36%**<sup>(3)</sup>
- Drilled 10 wells of the 2018 drilling program



## Exclusively Focused on Trinidad

100% of the Company's oil and gas assets and capital allocation are targeted in Trinidad

- **10** Producing blocks
- Over **200** Drilling locations<sup>(1)</sup>
- Approximately **63,000** net acres



## Capital Diversity

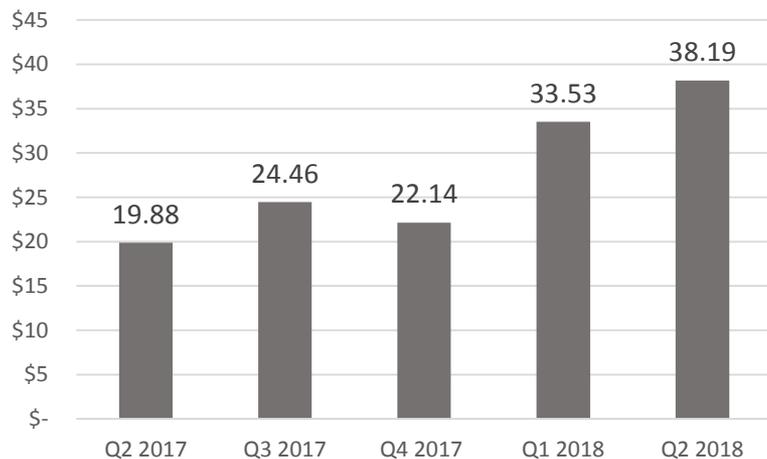
Dual listed on the TSX and AIM providing liquidity and access to capital

- June 2017: Listed on AIM, £1.45 MM, **7.25p/Sh**
- Dec 2017: Raised £3.0 MM on AIM, **11.50p/Sh**
- Current share price of **18.00p/Sh** (Aug 30/18)

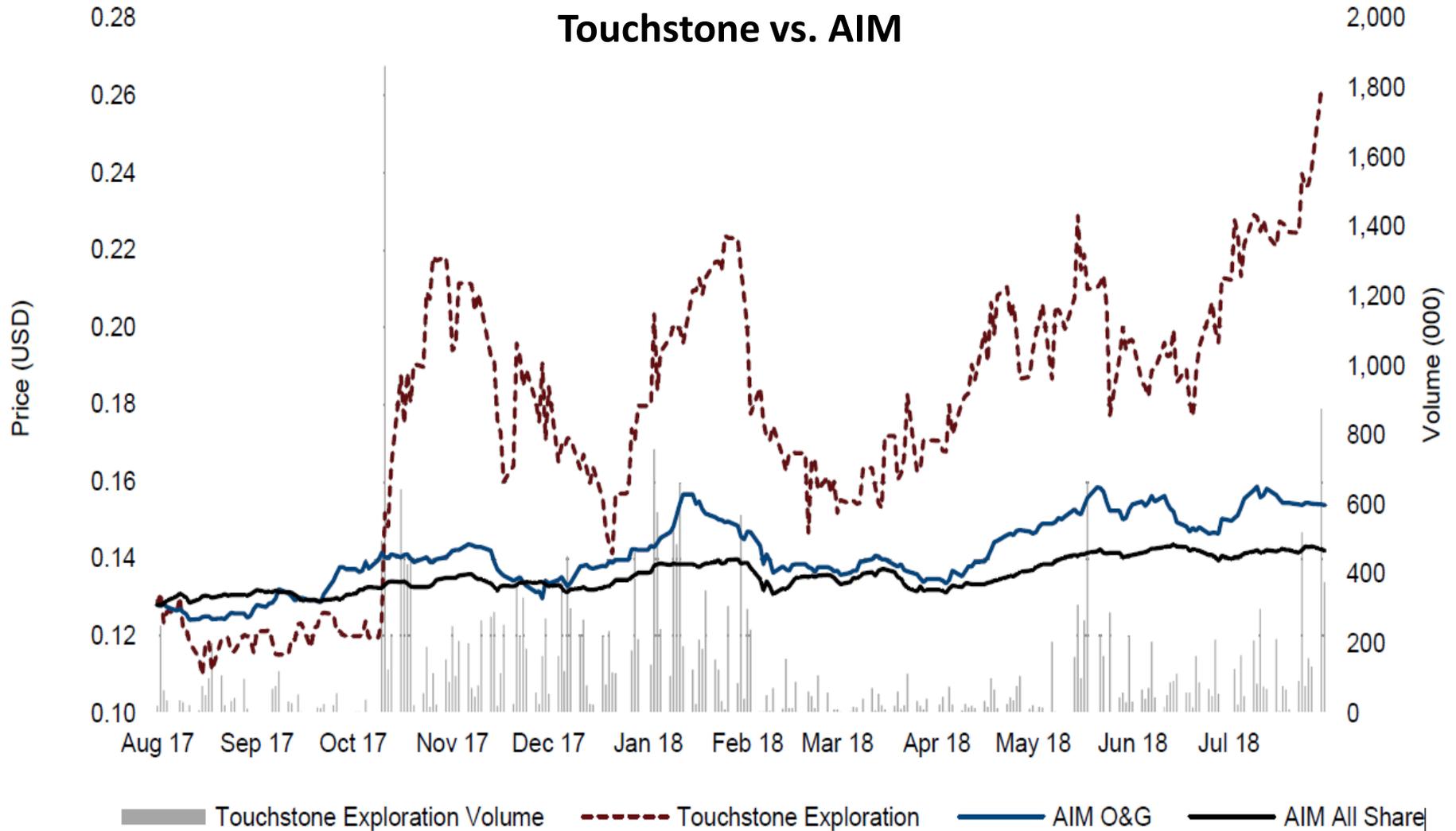
Capital Structure	Q2 2018	YE 2017	YE 2016
Common shares outstanding	129,021,428	129,021,428	83,137,143
Market capitalization (\$000's) <sub>(1)</sub>	36,126	29,030	12,055
Cash (\$000's)	10,556	13,920	8,433
Working capital surplus (\$000's) <sub>(2)(3)</sub>	3,734	6,808	846
Credit facility principal balance (\$000's)	15,000	15,000	15,000

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Petroleum revenue (\$000's)	12,508	7,436	22,892	14,827
Operating netback (\$/bbl) <sub>(3)(4)</sub>	38.19	19.88	35.99	21.72
Funds flow from operations (\$000's)	3,258	438	5,859	831
Net loss (\$000's)	692	1,848	567	3,397
Net loss – per basic and diluted share (\$/share)	0.01	0.02	0.01	0.04
Net debt (\$000's) <sub>(5)</sub>	11,266	13,814	11,266	13,814
Capital expenditures (\$000's)	4,954	5,460	8,803	6,194

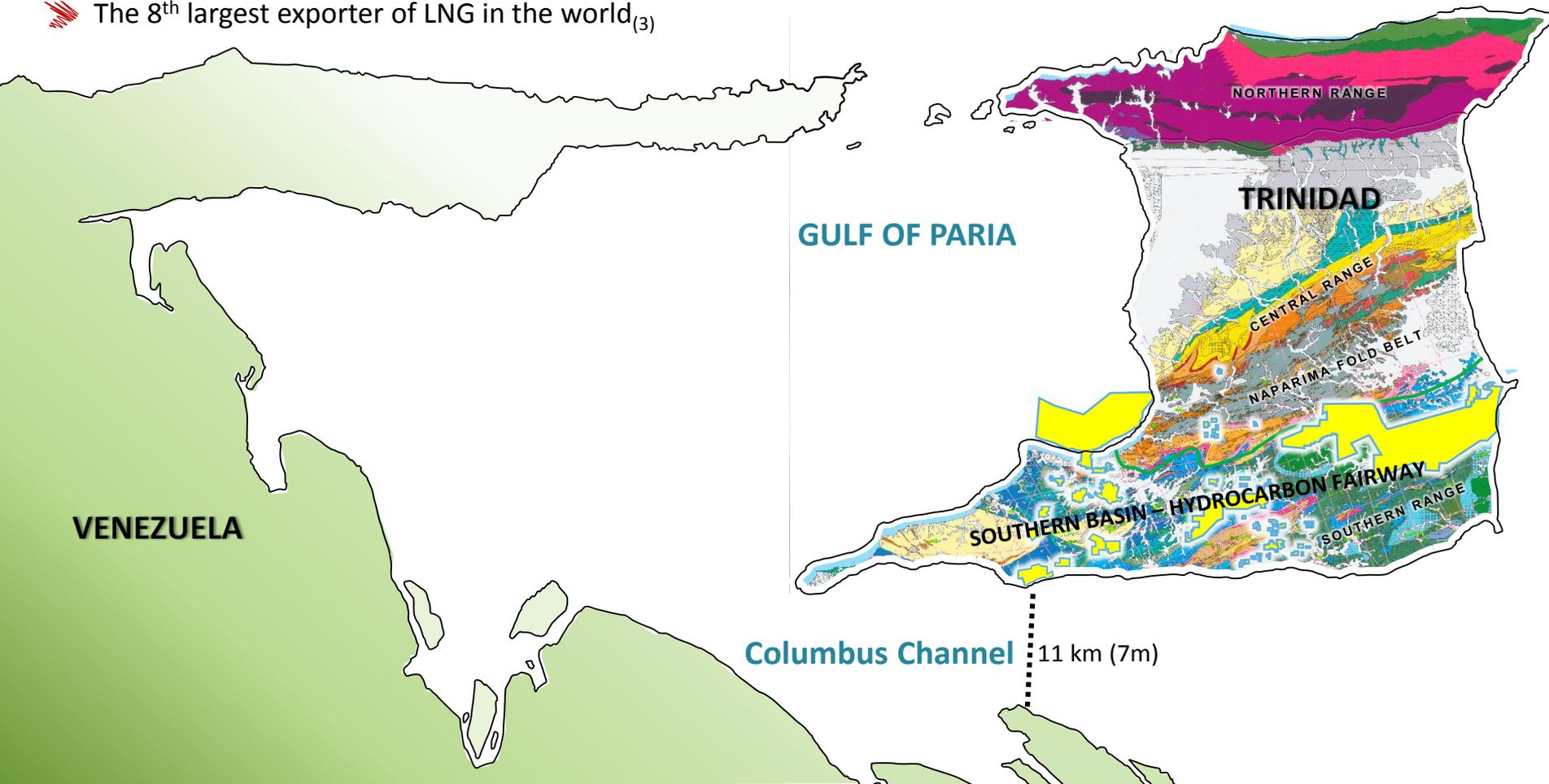
Operating netback (\$/bbl)



	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Sales (bbls/day)</b>	<b>1,334</b>	<b>1,437</b>	<b>1,448</b>	<b>1,543</b>	<b>1,717</b>
<b>Petroleum sales (\$/bbl)</b>	<b>61.26</b>	<b>59.64</b>	<b>69.88</b>	<b>74.76</b>	<b>80.04</b>
Royalties (\$/bbl)	(16.03)	(14.59)	(20.16)	(21.27)	(22.59)
Operating costs (\$/bbl)	(25.35)	(20.59)	(27.58)	(19.96)	(19.26)
<b>Operating netback (\$/bbl)<sub>(1)(2)</sub></b>	<b>19.88</b>	<b>24.46</b>	<b>22.14</b>	<b>33.53</b>	<b>38.19</b>



- Rich history in commercial oil production, having been involved in the petroleum sector for over 100 years<sup>(1)</sup>
- Cumulative production since 1908 has totaled over 3 billion barrels of oil<sup>(2)</sup>
- Trinidad has proven oil reserves of 0.2 billion barrels as at year-end 2017 and produced 99,000 barrels of crude oil per day in 2017<sup>(2)</sup>
- The 8<sup>th</sup> largest exporter of LNG in the world<sup>(3)</sup>



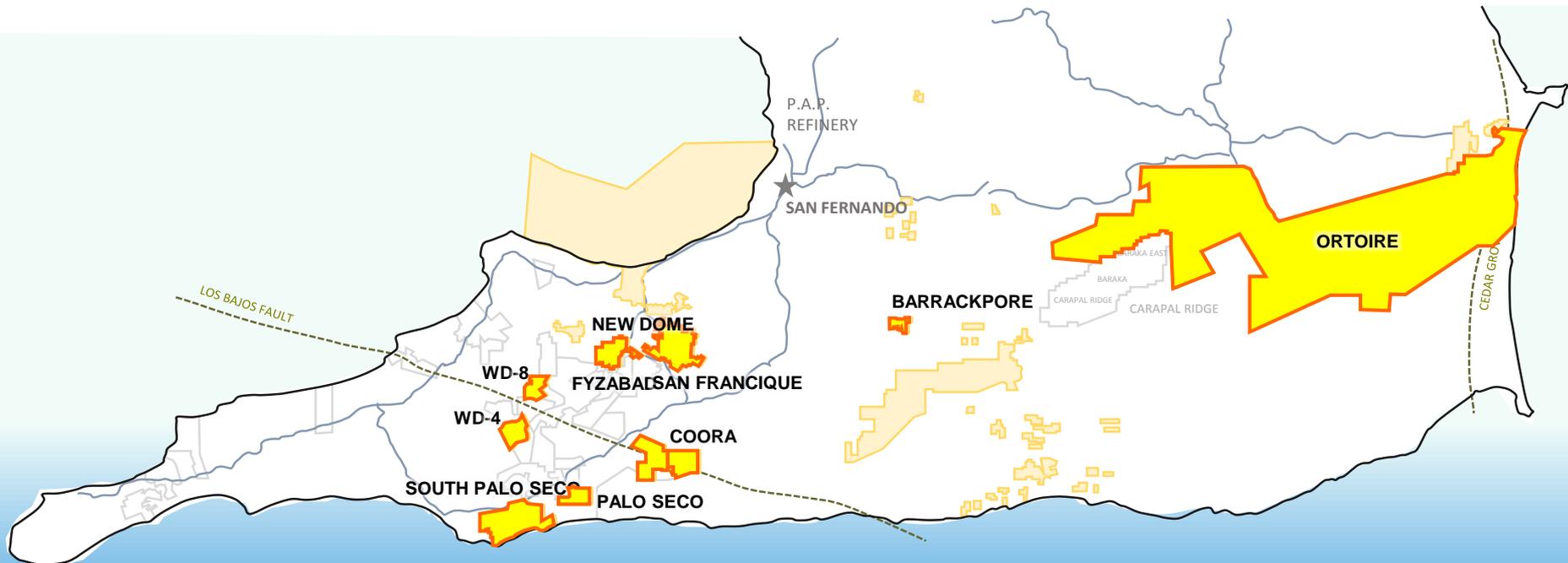
## Touchstone Assets

### Ten developed and producing blocks

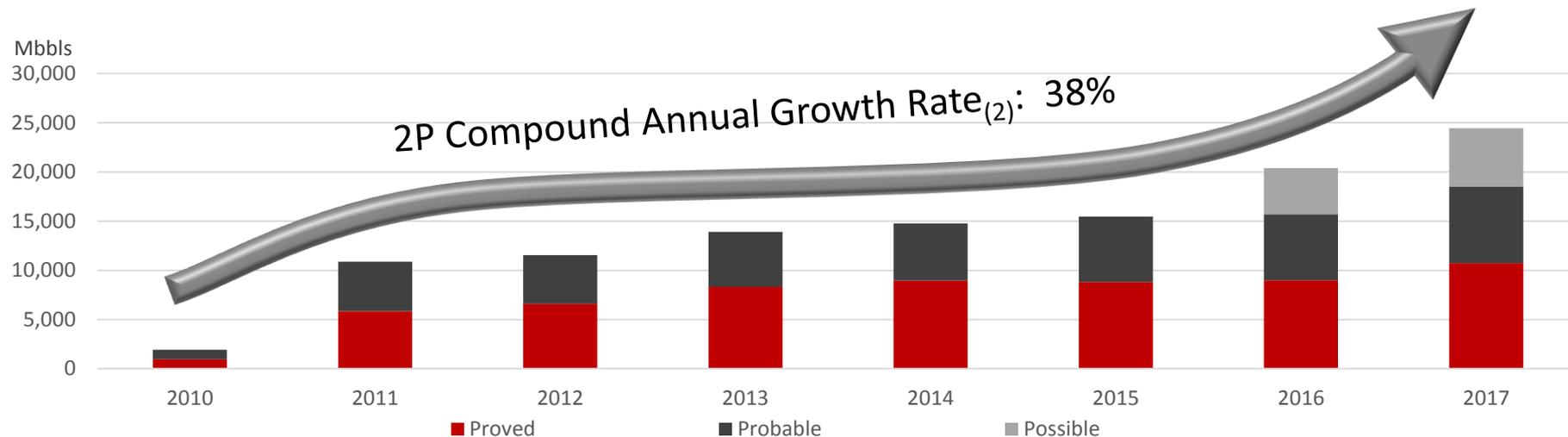
- 7,910 net (working interest) acres
- 208 drilling locations<sub>(1)</sub>

### Nine undeveloped or exploration blocks

- 55,042 net (working interest) acres
- 4 high grade exploration opportunities

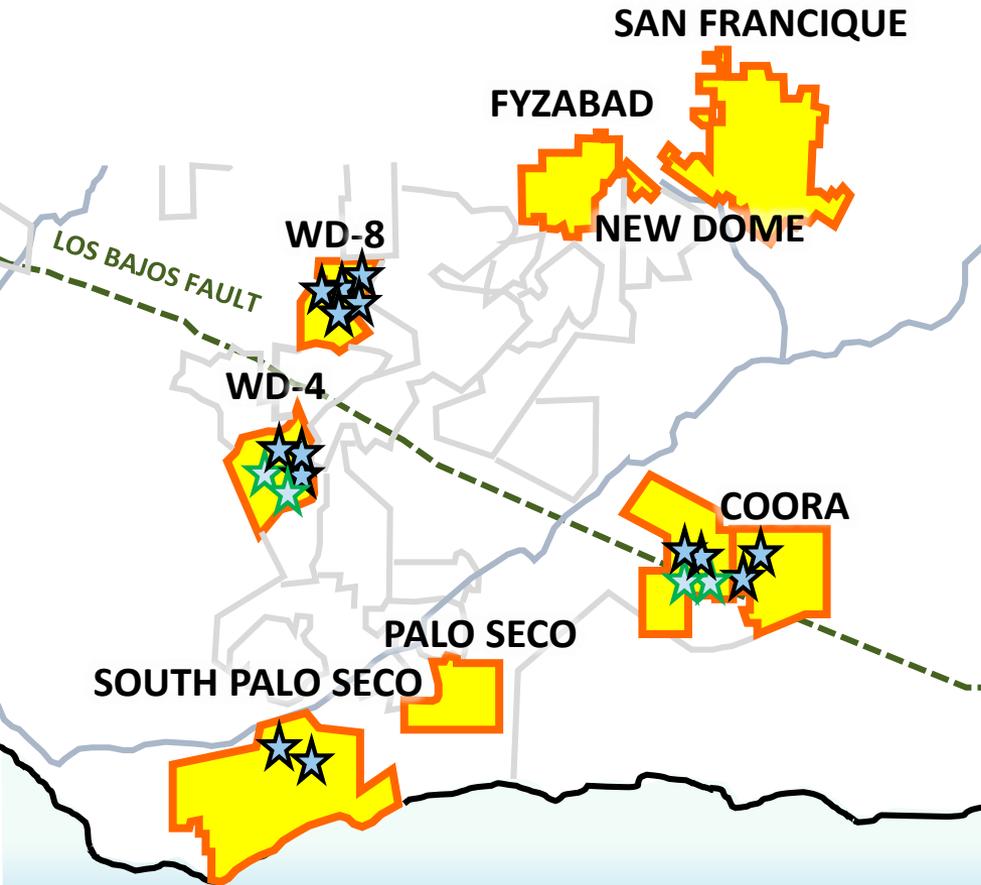


# 2017 – Record Organic Reserves Growth and Value<sup>(1)</sup>



Reserve Volumes	December 31, 2016 <sup>(3)</sup>	December 31, 2017 <sup>(4)</sup>	Year over Year Difference	Year over Year Difference (%)
<b>Reserves Volumes (bbls)</b>				
Total Proved (1P)	8,977,000	10,733,000	1,756,000	20
Total Proved + Probable (2P)	15,698,000	18,535,000	2,837,000	18
Total Proved + Probable + Possible (3P)	20,376,000	24,456,000	4,080,000	20

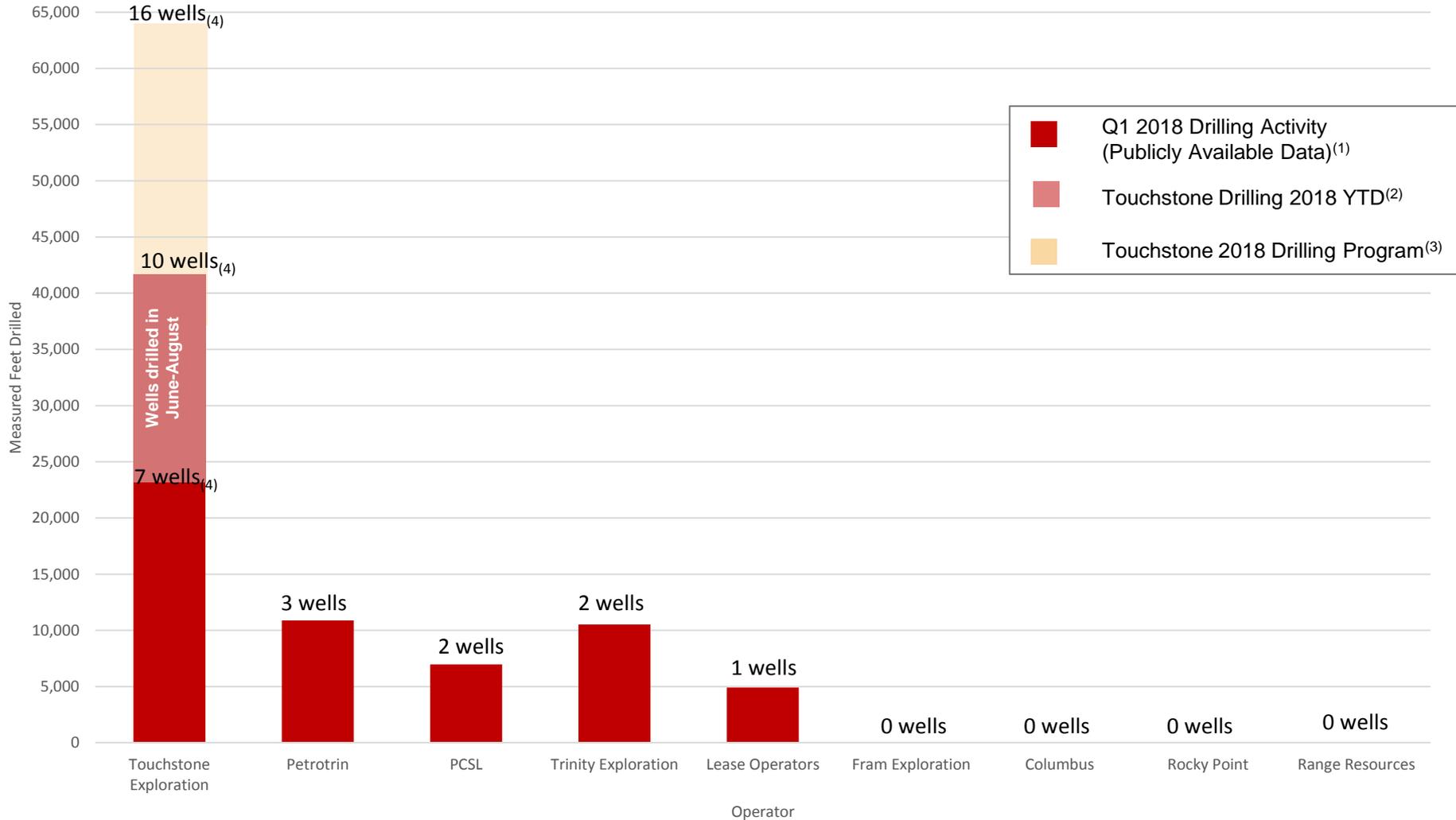
2017 Capital Efficiency	Future Development Capital (\$)	Drilling Locations	Finding & Development Costs <sup>(5)</sup>	Recycle Ratio <sup>(6)</sup> (based on \$22.56 operating netback <sup>(7)</sup> )
<b>Reserves Case</b>				
Total Proved (1P)	57,842,000	62	\$7.66	2.9 X
Total Proved + Probable (2P)	85,287,000	90	\$6.33	3.6 X



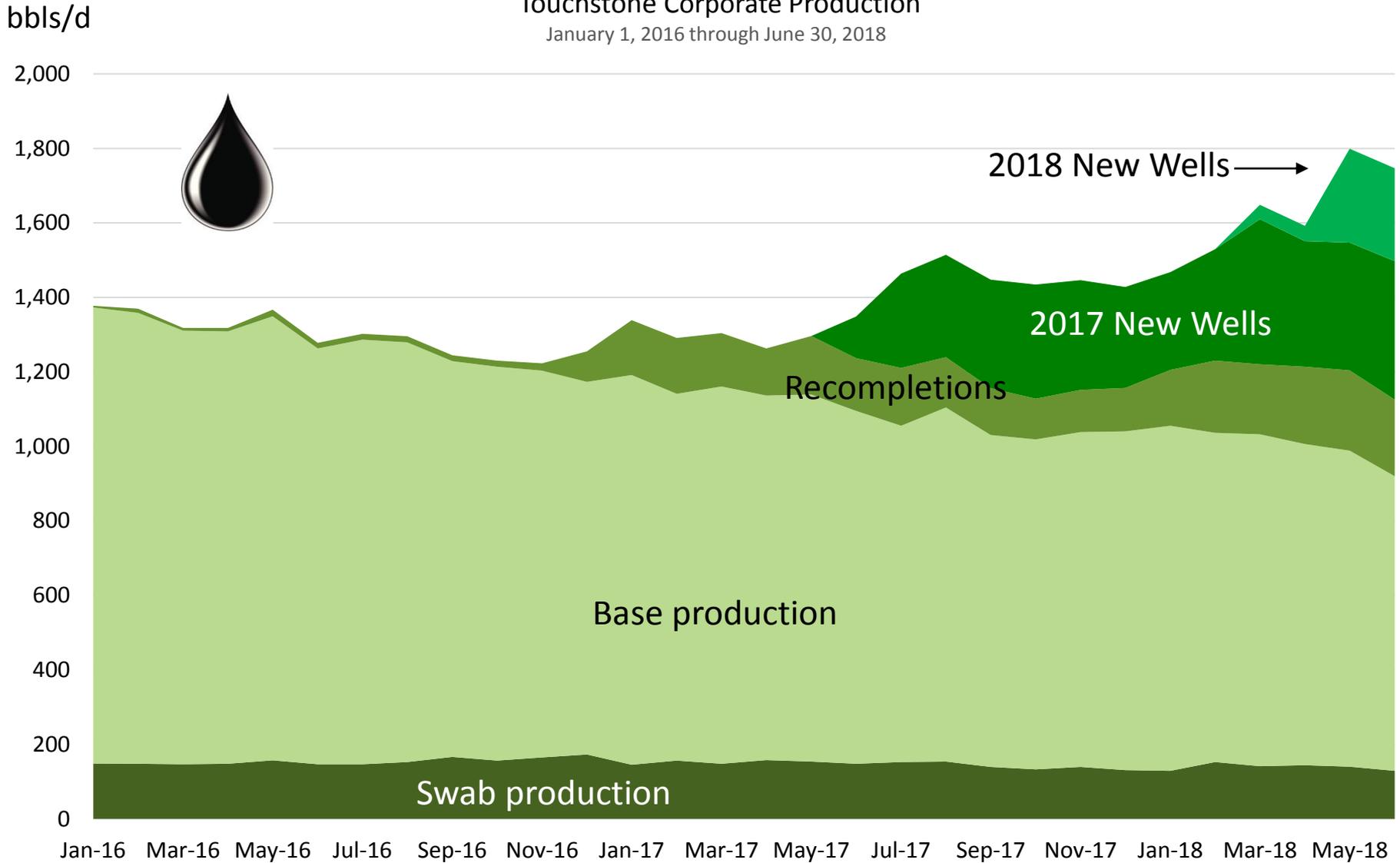
DRILLING CAMPAIGN	2017 		2018 	
	PLANNED	COMPLETED	PLANNED	COMPLETED
DEVELOPMENT BLOCK				
WD-8	-	-	5	3
WD-4	2	2	3	1
COORA 1	2	2	2	2
COORA 2	-	-	2	2
SOUTH PALO SECO	-	-	2	-

# Onshore Drilling Activity in Trinidad

Onshore Drilling - Total Feet Drilled by Operator  
January 1, 2018 through May 31, 2018

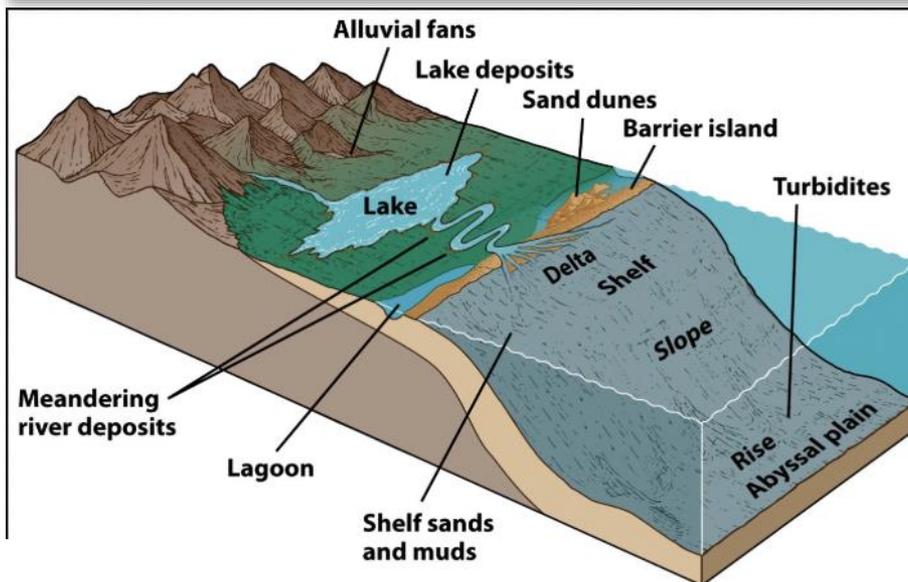


Touchstone Corporate Production  
January 1, 2016 through June 30, 2018



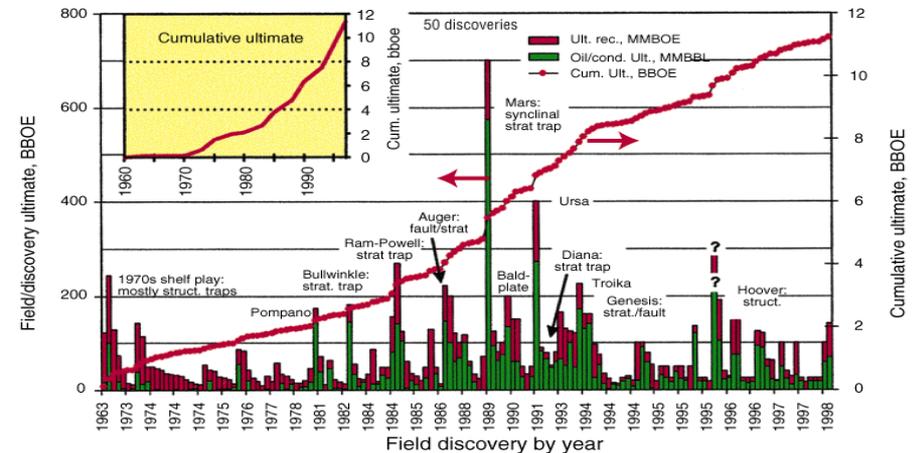
## ➤ The Herrera sandstone reservoirs are **turbidite deposits**

- Turbidite deposits are formed by massive gravity flows down the offshore continental shelf and slope
- Fine-grained sands are channeled down into the shale basin following these currents
- Reservoir sands are thinly interbedded with basinal shales
- Cyclic deposition – 1,000's of feet of interbedded shales and sands possible
- Repetition of sand and shale deposits contributes to both reservoir and trapping mechanisms

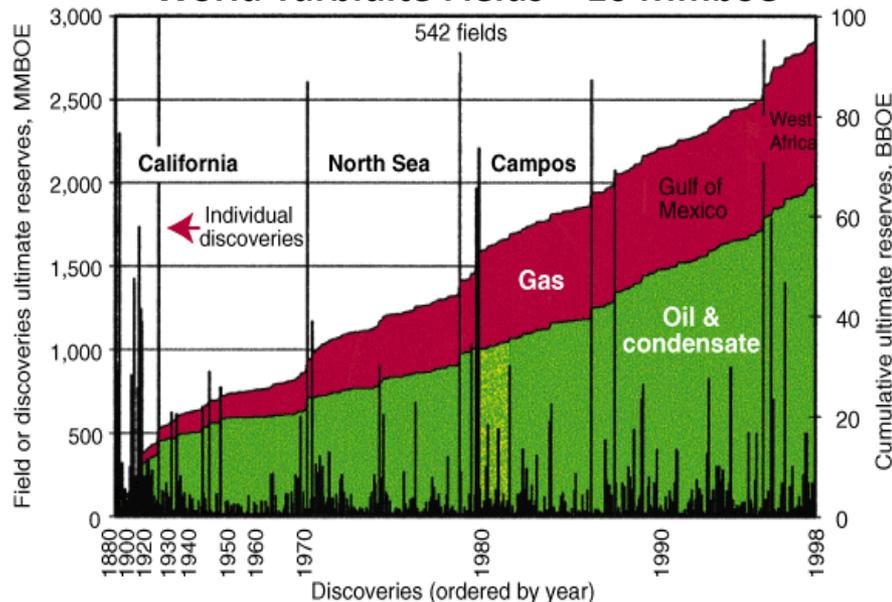


- Turbidite focus increased in 1970/80's
- Most wells testing the Herrera in Ortoire were drilled in the 1950/60's when there was little (local) emphasis on turbidite deposits or their potential
- Logging tools at that time could not resolve the thin beds and therefore intervals often appeared shalier than they were
- Heavy mud weights used often masked shows

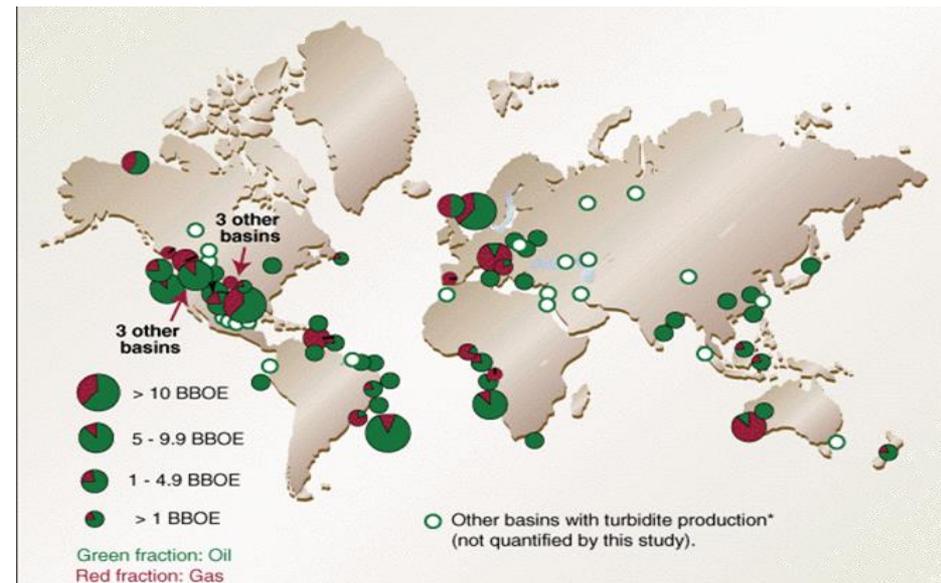
## U.S. Gulf of Mexico Turbidite Fields, Discoveries



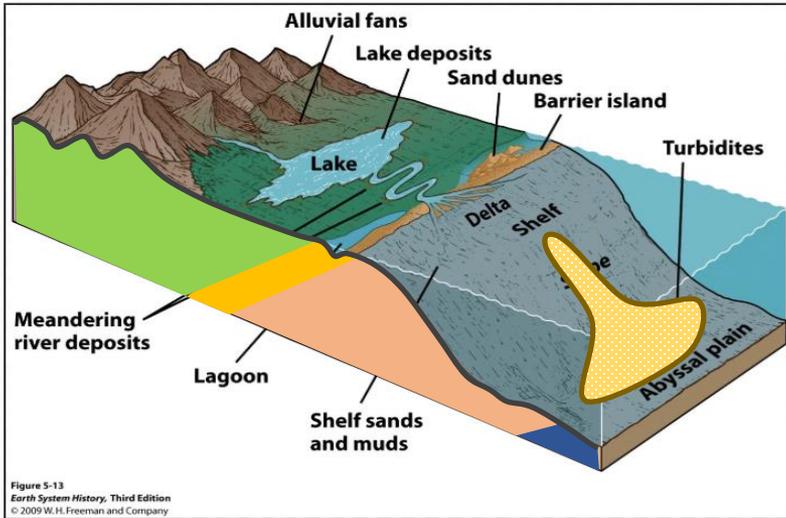
## World Turbidite Fields – 10 Mmboe



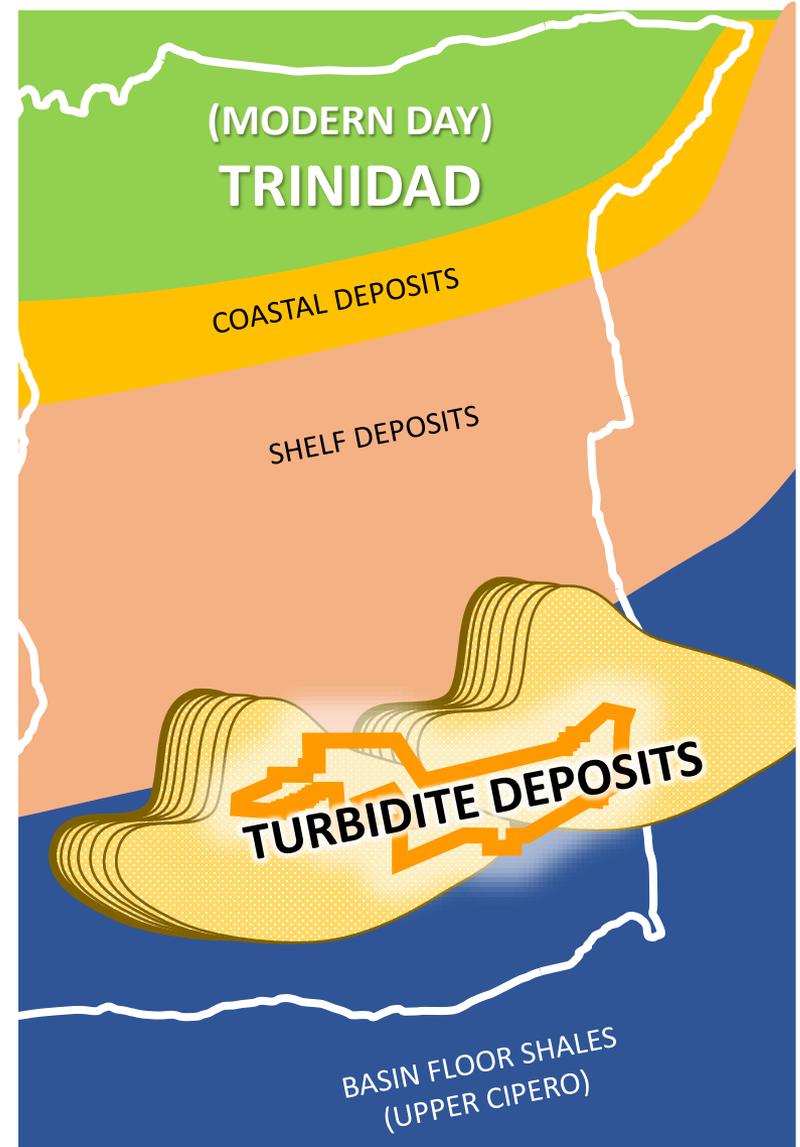
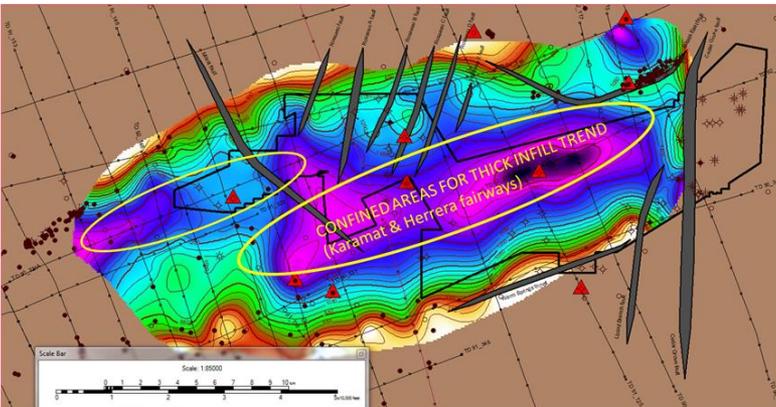
## Turbidite Reserves in 54 World Basins



Mid Miocene c. 15 million years ago  
**HERRERA Formation – Turbidite Sands**  
 UPPER CIPERO Formation – Basinal Shales

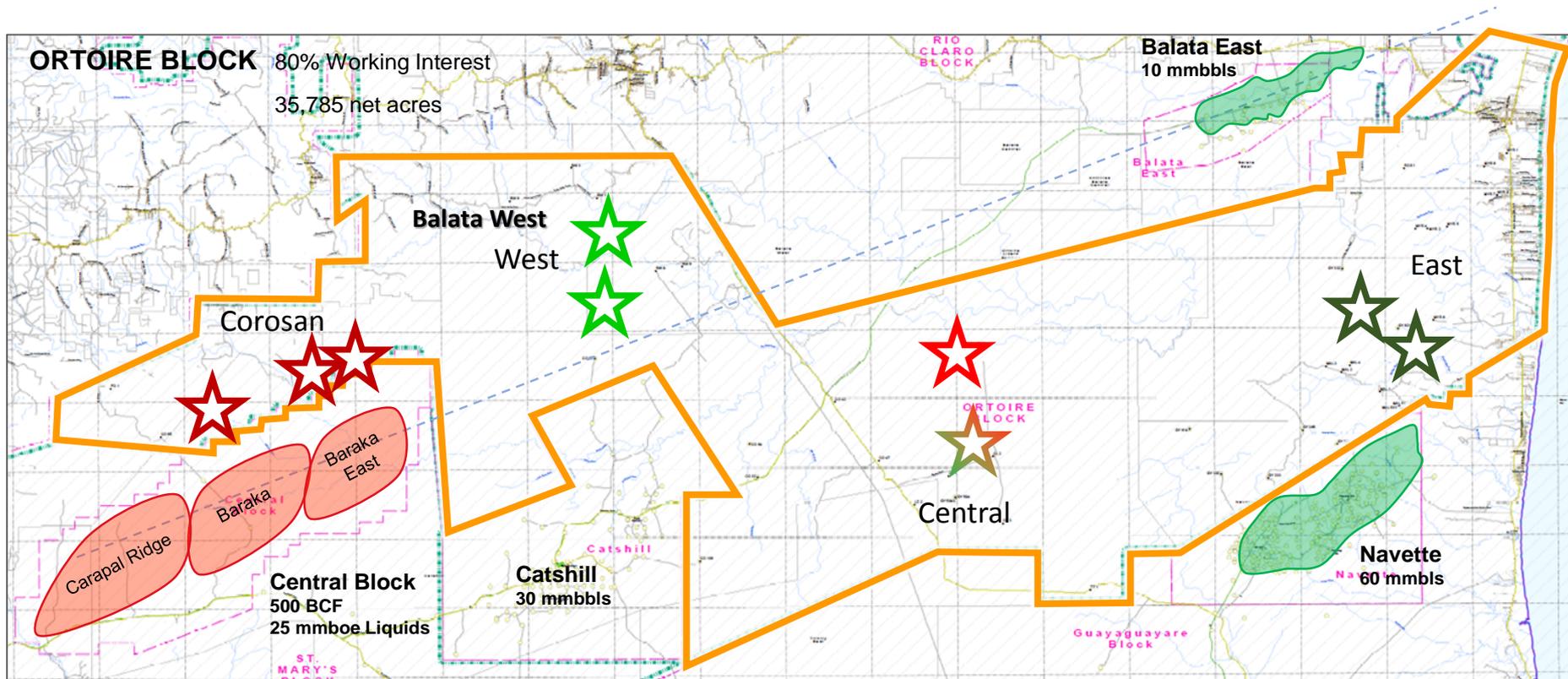


HERRERA TIME STRUCTURE WITHIN THE ORTOIRE SYNCLINE



➤ Nine internally identified exploration locations defined by four general prospects:

	Corosan	Gas	3 wells	Herrera FM	est. TD 8,000 - 11,000'
	Ortoire West	Oil	2 wells	Herrera FM	est. TD 11,500'
	Ortoire Central	Gas	2 wells	Herrera FM	est. TD 11,500' – 12,500'
	Ortoire East	Oil	2 wells	Cruse/Gros Morne FM	est. TD 5,000' – 6,000'



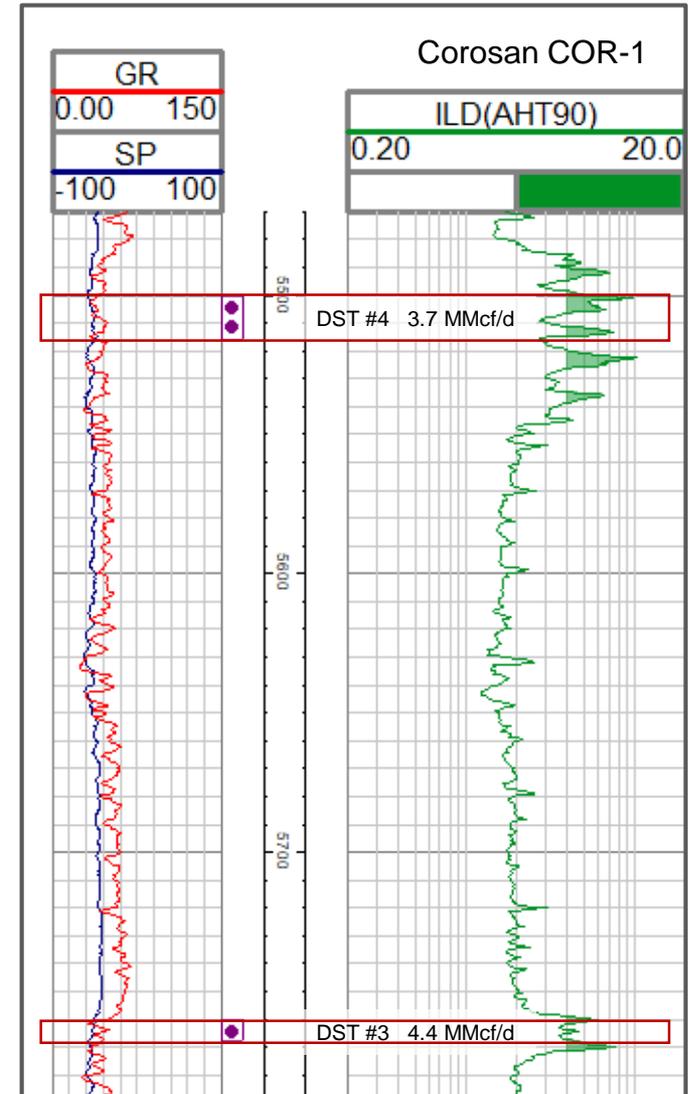
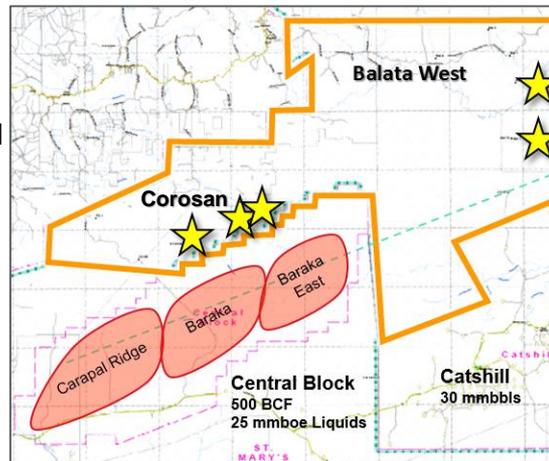
## Herrera gas target

- Offsetting 500 Bcf Central Block (Shell Operator)
- Key well with gas test drilled in 2001
- Gauged 8.2 MMcf/d of gas

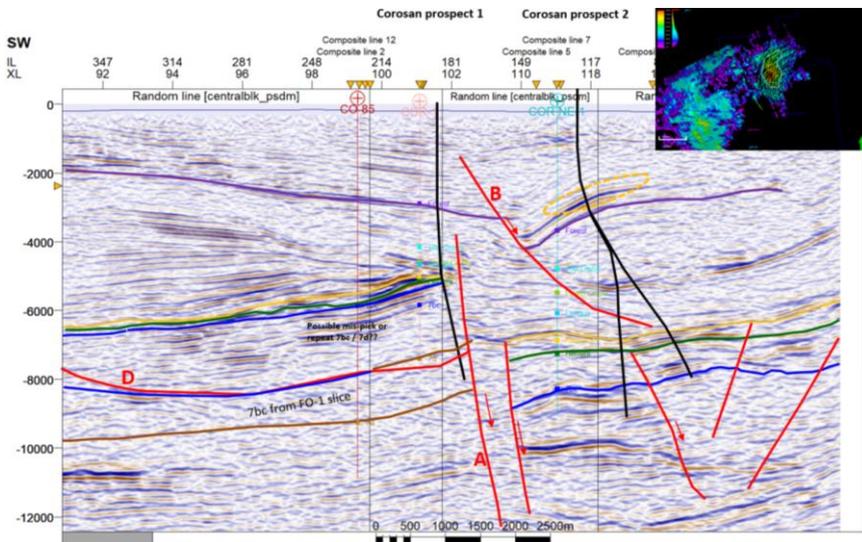
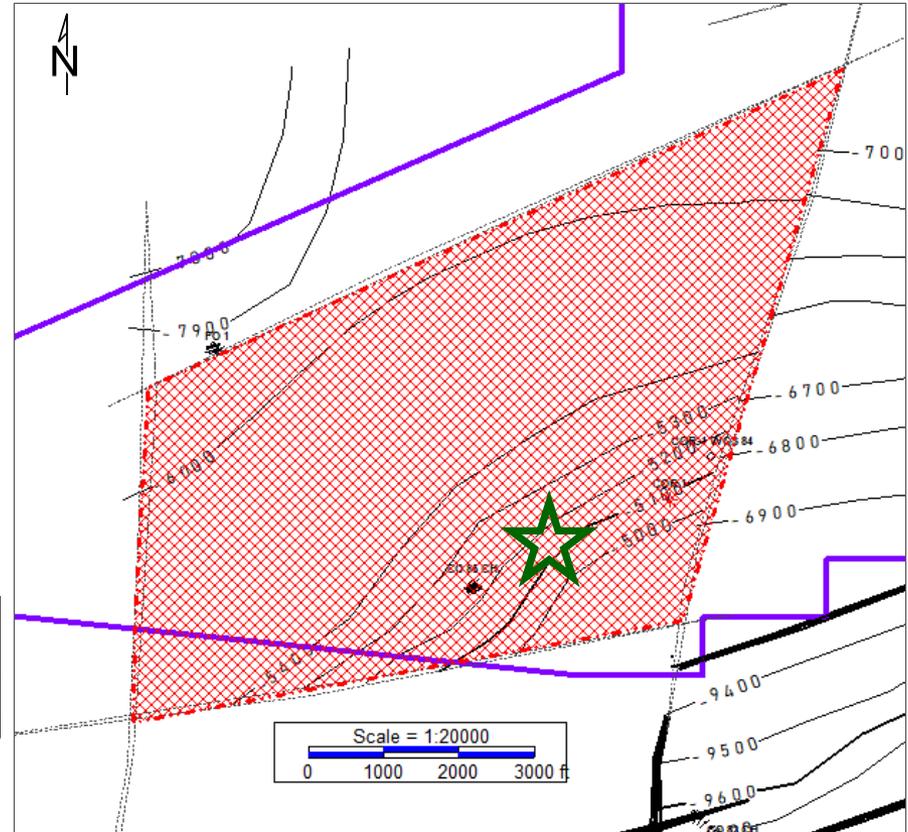
- COROSAN-1** (spud June 2001)
- Vermillion Oil and Gas
  - 60 feet of Net Hydrocarbon (Rt >4Ω)
  - 6 Drill Stem Tests
    - Test #3 5760-68' (8'NOS) 4.4 MMcf/d
    - Test #4 5500-16' (16'NOS) 3.7 MMcf/d

## Corosan Gas Opportunity

- Three unique locations identified (individual fault blocks)
- Gas processing facility at Carapal Ridge
- Approximate 3.5 km tie-in
- Access to NGC and LNG sales points



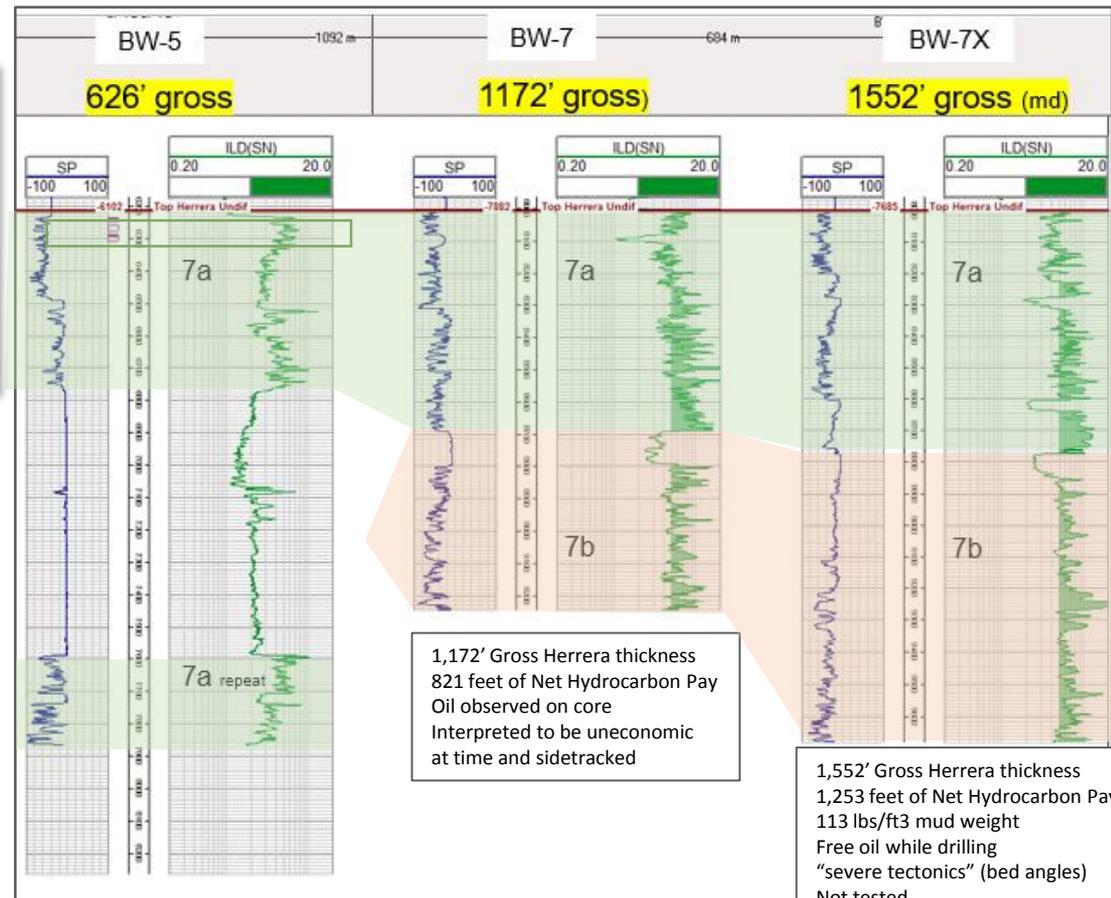
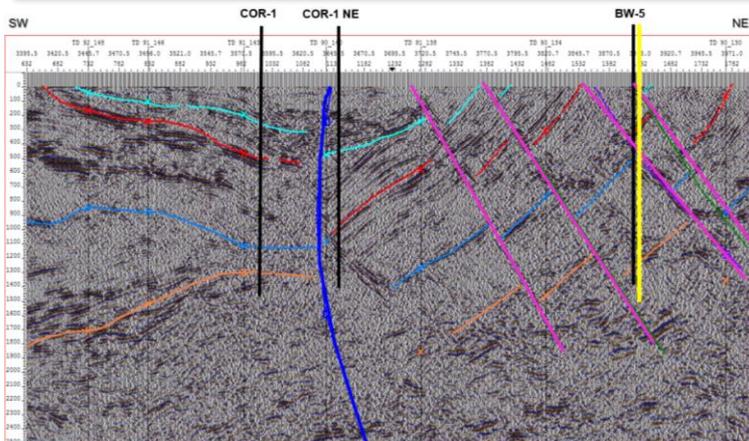
- Corosan West fault block
- Est. 94' net hydrocarbon thickness
- Fault block ~ 1,111 acres
- 5,200' Top Herrera
- Projected 7,500' TD
  
- Estimated volumetric gas in place:  
30 bcf (risked), 121 bcf (unrisked)**



- On trend with known production at Central Block and Catshill Field
- Reinterpretation of 1950 vintage logs and correlation to Corosan-1 Log c. 2001
- BW-5 well had associated oil production (>27,000 bbls)
- BW-7 and BW-7X wells were lost due to technical problems while drilling
- Potential for deeper Herrera sands

## ➤ Balata West BW-5 (c. 1958)

- Free oil observed while drilling Herrera FM
- 125 lbs/ft<sup>3</sup> mud weight
- 187 feet of net hydrocarbon (Rt >5Ω)
- 44 feet of reservoir completed
- Repeat Section not tested due to stuck pipe

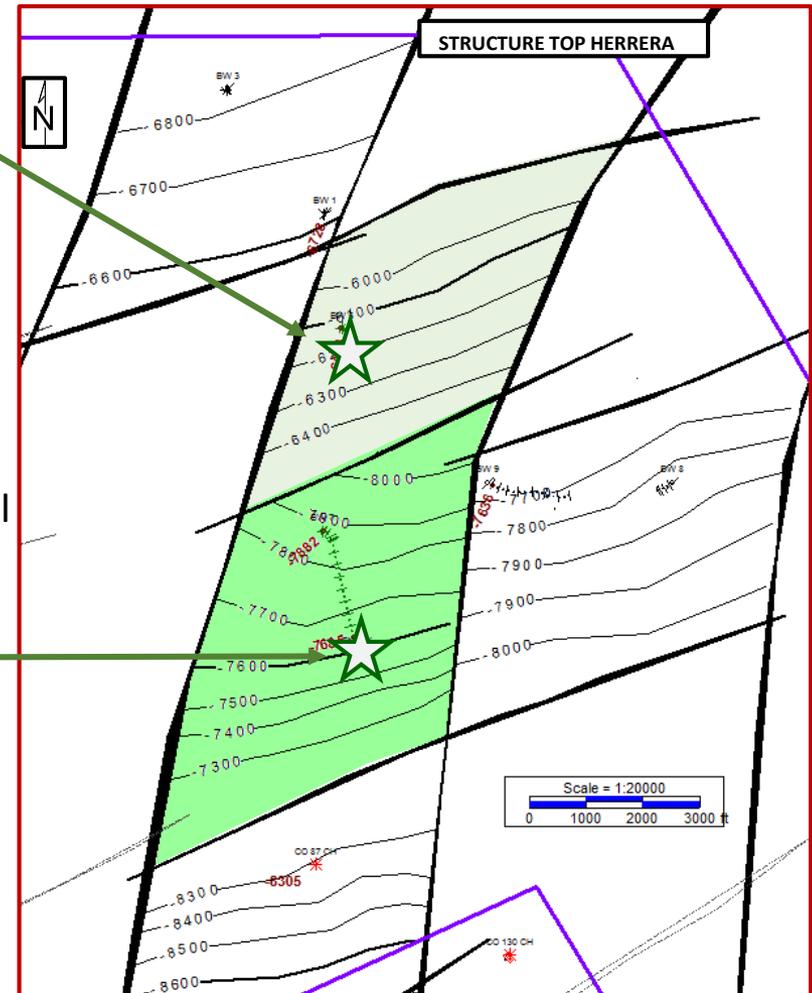


## ➤ Balata West North fault block

- Est. 190' net oil sand thickness
- Fault block ~410 acres
- 6200' Top Herrera
- Projected 11,500' TD
- **Estimated volumetric oil in place:**
  - 15 MMbbls (risked), 58 MMbbls (unrisked)**
- Additional net oil sand may be encountered as well drilled deeper than offset

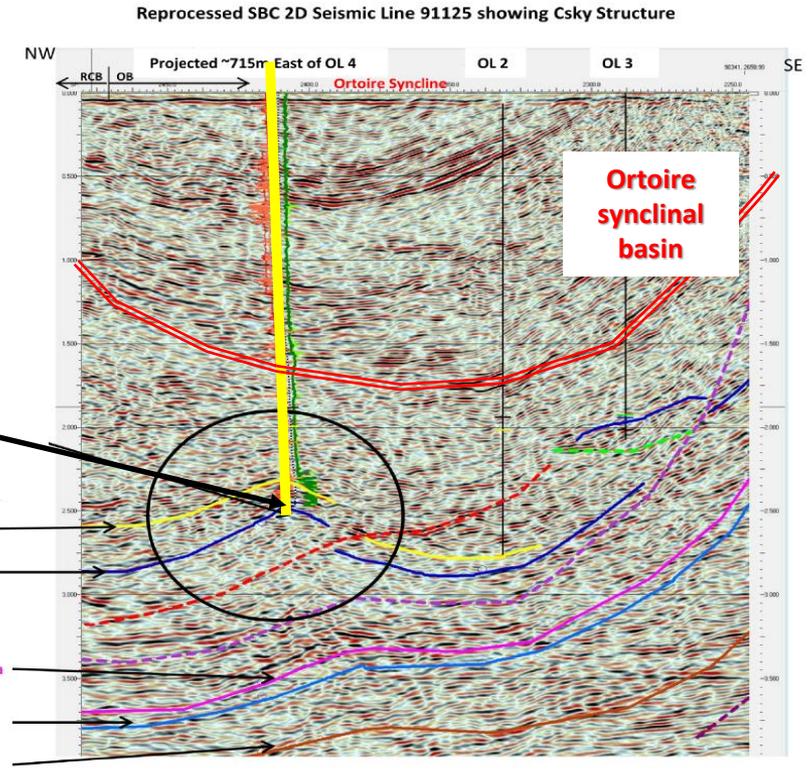
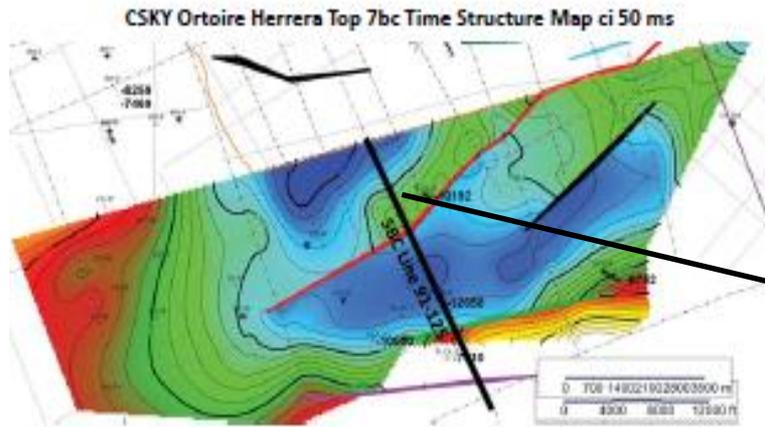
## ➤ Balata West South fault block

- Est. 601' net oil sand thickness
- Fault block ~628 acres
- 8000' Top Herrera
- Projected 11,500' TD
- **Estimated volumetric oil in place:**
  - 70 MMbbls (risked), 281 MMbbls (unrisked)**





Planned OL-4 follow-up well path:  
moving slightly up-dip to highest  
structural point



- Central North Seismic Anomaly
- Est. 720' net hydrocarbon thickness
- Anomaly is ~ 740 acres
- 9,500' Top Herrera
- Projected 11,500' TD

Estimated volumetric gas in place:  
**240 bcf (risked), 960 bcf (unrisked)**



## Scalable Economic Growth

- Drilled 10 wells of the 2018 drilling program
- Total 2P reserves of 15,698,000 bbls<sub>(1)</sub>
- 2018: 14 new oil wells and 24 recompletions<sub>(2)</sub>



## Exploration Upside

- 4 significant world class exploration prospects
- Mix of oil and gas opportunities
- 2019 and beyond



## Value Creation

- Realized \$12.5 million in Q2 2018 petroleum sales
- Q2 2018 funds flow from operations of \$3.26 million
- Q2 2018 operating netback of \$38.19<sub>(3)</sub>

## Corporate Information

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Year End: Dec 31  
 Engineers: GLJ Petroleum Consultants Ltd.  
 Auditors: Ernst & Young LLP  
 Legal: Norton Rose Fulbright Canada LLP  
 Nunez & Co.  
 Transfer Agent: Computershare Trust Company of Canada

## Abbreviations

bbl(s)	barrel(s)
Mbbl(s)	thousand barrel(s)
MMbbls(s)	million barrel(s)
bbls/d	barrels per day
bopd	barrels of oil per day
boe	barrels of oil equivalent
Mboe	thousand barrels of oil equivalent
MMboe	million barrels of oil equivalent
boepd	barrels of oil equivalent per day
Mtpa	million tonnes per annum
mmscfd	million standard cubic feet per day
bcpd	barrels of condensate per day
bcf	billion cubic feet
\$ or C\$	Canadian dollar
US\$	United States dollar
TT\$	Trinidad & Tobago dollar
\$M	thousand dollars
\$MM	million dollars
Brent	The reference price paid for crude oil FOB North Sea
1P	Proved reserves
2P	Proved plus probable reserves
Ha	Hectare
LOA	Lease Operator Agreement
FOA	Farmout Agreement
IP30	Average initial production in the first 30 days of well production
AIM	AIM market of the London Stock Exchange plc
TSX	Toronto Stock Exchange

# ENDNOTES & ADVISORIES

## Slide 3 – Business Strategy

- (1) Drilling locations are based on December 31, 2017 GLJ Petroleum Consultants Ltd. Independent reserves evaluation and internal estimates.  
See “*Advisories: Drilling Locations*”.

## Slide 4 – Focused Capital Allocation

- (1) Drilling locations are based on December 31, 2017 GLJ Petroleum Consultants Ltd. Independent reserves evaluation and internal estimates.  
See “*Advisories: Drilling Locations*”.
- (2) See endnotes from “*Slide 6 – Operating Netback*”.
- (3) 2014 - Average cost to drill = \$292.83 per foot  
2017 - Average cost to drill = \$177.31 per foot (39% less than 2014)  
2018 - Average cost to drill = \$188.74 per foot (36% less than 2014)

## Slide 5 – Q2 2018 Financial Position

- (1) Market capitalization was calculated using the TSX closing price on December 31, 2016 (\$0.145/share), December 31, 2017 (\$0.225/share) and June 30, 2018 (\$0.28/share) multiplied by our common shares outstanding.

	Q2 2018	YE 2017	YE 2016
Current assets	22,564,000	23,107,000	17,735,000
Less: current liabilities	18,830,000	16,299,000	16,889,000
<b>Working capital surplus</b>	<b>3,734,000</b>	<b>6,808,000</b>	<b>846,000</b>

- (3) Non-GAAP measure. Refer to “*Advisories: Non-GAAP Measures*”.
- (4) See endnotes from slide “*Slide 6 – Operating Netback*”.

(5) (\$000's)	June 30, 2018	June 20, 2017
Current assets	(22,564)	(18,796)
Current liabilities	18,830	17,610
Principal long-term portion of term loan	15,000	15,000
<b>Net Debt</b>	<b>11,266</b>	<b>13,814</b>

## Slide 6 – Operating Netback

(1) (\$000's unless otherwise indicated)	Three months ended June 30, 2017	Three months ended Sept 30, 2017	Three months ended Dec 31, 2017	Three months ended March 31, 2018	Three months ended June 30, 2018
Petroleum revenue	7,436	7,885	9,308	10,384	12,508
Royalties	(1,946)	(1,929)	(2,685)	(2,955)	(3,531)
Operating expenses	(3,077)	(2,722)	(3,673)	(2,772)	(3,010)
<b>Operating netback</b>	<b>2,413</b>	<b>3,234</b>	<b>2,950</b>	<b>4,657</b>	<b>5,967</b>
Production (bbls)	121,394	132,199	133,191	138,898	156,275
<b>Operating netback (\$/bbl)</b>	<b>19.88</b>	<b>24.46</b>	<b>22.14</b>	<b>33.53</b>	<b>38.19</b>

(2) Non-GAAP Measure. Refer to “*Advisories: Non-GAAP Measures*”.

## Slide 8 – Trinidad

(1) Source: Petroleum Company of Trinidad and Tobago Limited and Government of Trinidad and Tobago, Ministry of Energy and Energy Industries.

(2) Source: BP Statistical Review of Energy, June 2018.

(3) Source: International Gas Union; 2017 World LNG Report.

## Slide 9 – Land Position

(1) Drilling locations are based on December 31, 2017 GLJ Petroleum Consultants Ltd. Independent reserves evaluation and internal estimates. See “*Advisories: Drilling Locations*”.

## Slide 10 – 2017 – Record Organic Reserves Growth and Value

(1)

Year	Reserve Evaluators	Effective Date	Proved Developed Reserves (Mbbbl)	Proved Undeveloped Reserves (Mbbbl)	Total Probable Reserves (Mbbbl)	Total Possible Reserves (Mbbbl)
2010	AJM	01-Oct-10	961		970	Not Evaluated
2011	GLJ	30-Sept-11	4,005	1,845	5,029	Not Evaluated
2012	GLJ	30-Sept-12	4,501	2,089	4,954	Not Evaluated
2013	GLJ	30-Sept-13	5,519	2,809	5,576	Not Evaluated
2014	GLJ	31-Dec-14	5,521	3,441	5,824	Not Evaluated
2015	GLJ	31-Dec-15	5,393	3,422	6,650	Not Evaluated
2016	GLJ	31-Dec-16	5,554	3,423	6,722	4,678
2017	GLJ	31-Dec-17	5,582	5,152	7,802	5,921

(2) Compound Annual Growth Rate =  $(2017 \text{ 2P Reserves} / 2010 \text{ 2P Reserves})^{1/(\# \text{ of Years})} - 1$

$$\text{CAGR} = (18,535,000 / 1,930,600)^{1/(7)} - 1 = 38\%$$

(3) Based on December 31, 2016 GLJ Petroleum Consultants Ltd. independent reserves evaluation. Possible Reserves are based on the December 31, 2016 GLJ Petroleum Consultants Ltd. Competent Persons Report. See “*Advisories: Oil and Gas Reserves*”.

(4) Based on December 31, 2017 GLJ Petroleum Consultants Ltd. independent reserves evaluation. See “*Advisories: Oil and Gas Reserves*”.

(5)

	Total Proved Reserves	Total Proved plus Probable Reserves
Exploration capital expenditures (\$000's)	1,183	1,183
Development capital expenditures (\$000's)	6,960	6,960
Change in future development costs (\$000's)	9,142	12,986
Estimated finding and development costs	17,285	21,129
Net reserve additions (Mbbbl)	2,258	3,339
<b>Estimated finding and development costs per barrel (\$/bbl)</b>	<b>7.66</b>	<b>6.33</b>

See “*Advisories: Oil and Gas Metrics*”

(6)

	Total Proved (1P)	Total Proved + Probable (2P)
Annual Operating Netbacks <sub>(7)</sub>	\$22.56	\$22.56
FD&C	\$7.66	\$6.33
Recycle Ratio	<b>2.9X</b>	<b>3.6X</b>

See “*Advisories: Oil and Gas Metrics*”

(7) Non-GAAP Measure. See “*Advisories: Non-GAAP Measures*”.

## Slide 12 – Onshore Drilling Activity in Trinidad

- (1) Source: Government of the Republic of Trinidad and Tobago, Ministry of Energy and Energy Industries, Consolidated Monthly Bulletins, January – May 31 2018, Volume 55 No. 5.
- (2) Includes three wells drilled in Q3 2018.
- (3) The Company's Board of Directors has approved 14 new wells in 2018, subject to stable commodity pricing and adequate liquidity. See *"Advisories: Forward-looking Information"*.
- (4) Includes two water monitoring wells drilled as part of the Company's water disposal facility in Fyzabad.

## Slide 24 – Why Touchstone?

- (1) The Company's Board of Directors has approved 14 new wells in 2018, subject to stable commodity pricing and adequate liquidity. See *"Advisories: Forward-looking Information"*.
- (2) Based on December 31, 2017 GLJ Petroleum Consultants Ltd. independent reserves evaluation. See *"Advisories: Oil and Gas Reserves"*.
- (3) See endnotes from "Slide 6 – Operating Netback".

## Advisories

This presentation is for information purposes only and is not, and under no circumstances is to be construed as a prospectus or an advertisement for a public offering of such securities. No securities commission or similar authority in Canada or elsewhere or the Toronto Stock Exchange has in any way passed upon this presentation, or the merits of any securities of Touchstone Exploration Inc. ("Touchstone" or the "Company") and any representation to the contrary is an offence. An investment in Touchstone Exploration Inc.'s securities should be considered highly speculative due to the nature of the proposed involvement in the exploration for and production of oil and natural gas.

This presentation and the information contained herein does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. The securities of Touchstone Exploration Inc. have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

## Business Risks

The Company is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results. The Company is exposed to risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, ability to attract and retain qualified employees on a cost-effective basis, commodity and marketing risk. The Company is subject to significant drilling risks and uncertainties including the ability to find oil 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 related operation risks. The Company is subject to industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced. There are uncertainties in estimating the Company's reserve base due to the complexities in estimated future production, costs and timing of expenses and future capital. The Company is subject to the risk that it will not be able to fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its properties. The financial risks the Company is exposed to include, but are not limited to, the impact of general economic conditions in Canada and Trinidad, continued volatility in market prices for oil, the impact of significant declines in market prices for oil, the ability to access sufficient capital from internal and external sources, changes in income tax laws or changes in tax laws, royalties and incentive programs relating to the oil and gas industry, fluctuations in interest rates, the Canadian dollar to United States dollar exchange rate and the Canadian dollar to Trinidad and Tobago dollar exchange rate. The Company is subject to local regulatory legislation, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties or production restrictions or the termination of license, lease operating or farm-in rights related to the Company's oil and gas interests in Trinidad. Certain of these risks are set out in more detail in the Company's Annual Information Form dated March 26, 2018 which has been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com).

### Oil and Gas Reserves

The reserves information summarized in this presentation are from the Company's December 31, 2017 independent reserve report prepared by Touchstone's independent reserves evaluator, GLJ Petroleum Consultants Ltd. ("GLJ"), dated March 7, 2018, as well as the Company's prior period reports, as individually noted in this presentation. Each of these reports were prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). All December 31, 2017 reserves presented are based on GLJ's forecast pricing dated January 1, 2018 and estimated costs effective December 31, 2017. Additional reserves information as required under NI 51-101 are included in the Company's Annual Information Form dated March 26, 2018.

The estimated future net revenue figures contained in this presentation do not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and costs assumptions contained in the Company's reserves evaluation will be attained and variances could be material. The recovery and reserves estimates of crude oil provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided herein. The reserves evaluator forecasts reserve volumes and future cash flows based upon current and historical well performance through to the economic production limit of individual wells. Notwithstanding established precedence and contractual options for the continuation and renewal of the Company's existing operating agreements, in many cases the forecast economic limit of individual wells are beyond the current term of the relevant operating agreements. There is no certainty as to any renewal of the Company's existing operating arrangements.

### Oil and Gas Metrics

This presentation may contain certain oil and gas metrics that are commonly used in the oil and gas industry such as finding and development costs, reserves additions, reserve replacement ratio, reserve life index and recycle ratio. These metrics do not have standardized meanings or standardized methods of calculation and therefore such measures may not be comparable to similar measures presented by other companies. Such metrics have been included herein to provide readers with additional metrics to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company, and future performance may not compare to the performance in prior periods and therefore such metrics should not be unduly relied upon. The Company uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this presentation, should not be relied upon for investment purposes.

Finding and development costs are the sum of capital expenditures excluding capitalized general and administrative costs and corporate capital expenditures incurred in the period and the change in future development costs required to develop those reserves. Finding and development costs per barrel is determined by dividing current period net reserve additions to the corresponding period's finding and development cost. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Net reserve additions are calculated as the change in reserves from the beginning to the end of the applicable period excluding period production.

Reserves replacement ratio is calculated as period net reserve additions divided by period production.

Reserve life index is calculated as total Company gross reserves divided by annual production.

Recycle ratios are calculated by dividing the current period finding and development costs per barrel to operating netbacks before hedging in the corresponding period (see "Non-GAAP Measures"). The recycle ratio compares netbacks from existing reserves to the cost of finding new reserves and may not accurately indicate the investment success unless the replacement of reserves are of equivalent quality as the produced reserves.

## Drilling Locations

This presentation discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the Company's reserves evaluation of GLJ Petroleum Consultants Ltd. effective December 31, 2017 and account for locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the prospective acreage associated with the Company's assets and an assumption as to the number of wells that can be drilled based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the approximately 208 (net) drilling locations identified herein, 62 are proved locations, 28 are probable locations and the remaining are unbooked locations. Unbooked locations have been identified by Management as an estimation of potential multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The locations on which the Company will drill wells will ultimately depend upon the availability of capital, regulatory approvals, crude oil prices, costs, actual drilling results, additional reservoir information that can be obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where Management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves or production.

## Non-GAAP Measures

This presentation may contain terms commonly used in the oil and natural gas industry, such as funds flow from operations per share, operating netback and net debt. These terms do not have a standardized meaning under International Financial Reporting Standards ("IFRS") and may not be comparable to similar measures presented by other companies.

The Company calculates funds flow from operations per share by dividing funds flow from operations by the weighted average number of common shares outstanding during the applicable period.

The Company uses operating netback as a key performance indicator of field results. Operating netback is presented on a per barrel basis and is calculated by deducting royalties and operating expenses from petroleum sales. If applicable, the Company also discloses operating netback both prior to realized gains or losses on derivatives and after the impacts of derivatives are included. Realized gains or losses represent the portion of risk management contracts that have settled in cash during the period, and disclosing this impact provides Management and investors with transparent measures that reflect how the Company's risk management program can impact netback metrics. The Company considers operating netback to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices. This measurement assists Management and investors in evaluating operating results on a per barrel basis to analyze performance on a historical basis.

Net debt (surplus) is calculated by summing the Company's working capital and the principal (undiscounted) amount of long-term debt. Working capital is calculated as current assets less current liabilities, as they appear on the statement of financial position. The Company uses this information to assess its true debt and liquidity position and to manage capital and liquidity risk.