

Offering Document Under the Listed Issuer Financing Exemption

December 5, 2022

Touchstone Exploration Inc.
("Touchstone" or the "Company")

PART 1 SUMMARY OF OFFERING

What are we offering?

Offering:	Common shares of the Company (the "Offer Shares"), which upon issuance will rank <i>pari passu</i> in all respects with the Company's existing issued common shares of no par value each (the "Common Shares"). Holders of Common Shares are entitled to dividends, if as and when declared by the directors, to one vote per Common Share at meetings of shareholders and, upon liquidation, to receive such assets of the Company as are distributable to holders of Common Shares.
Offering price:	C\$0.90 per Offer Share.
Offering amount	A minimum of 8,334,000 Offer Shares and a maximum of 11,111,000 Offer Shares, for minimum gross proceeds of C\$7,500,600 and maximum gross proceeds of C\$9,999,900 (the "Offering").
Closing date:	On or about December 13, 2022.
Exchanges:	The Common Shares are listed on the Toronto Stock Exchange ("TSX") and the AIM market of the London Stock Exchange ("AIM") under the trading symbol TXP. Application will be made for the Offer Shares to be admitted to trading on both exchanges.
Last closing prices:	The closing price of the Common Shares on December 2, 2022 on the TSX was C\$1.07. The closing price of the Common Shares on AIM on December 5, 2022 was 0.63 pence.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this decision, you should seek the advice of a registered dealer.

Touchstone Exploration Inc. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospective Exemptions*. In connection with this offering, the Company represents the following to be true:

- The Company has active operations and its principal asset is not cash, cash or cash equivalents or its exchange listing.
- The Company has filed all periodic and timely disclosure documents that it is required to have filed.
- The total amount of this offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the twelve months immediately before the date of this offering document, will not exceed C\$10,000,000.
- The Company will not close this offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.

- **The issuer will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

PART 2 SUMMARY OF DESCRIPTION OF BUSINESS

What is our business?

Touchstone is a Calgary, Alberta based company engaged in the business of acquiring interests in petroleum and natural gas rights and the exploration, development, production and sale of petroleum and natural gas. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago.

Recent developments

In recent years, the Company has been focusing on its successful exploration and development program on the Ortoire block, onshore in the Republic of Trinidad and Tobago (Touchstone 80% working interest), which has identified significant natural gas discoveries at the Coho and Cascadura projects and an oil discovery at Royston.

Touchstone recently completed the development of its facility at Coho and announced initial natural gas production on October 10, 2022, with the Coho-1 well delivering average net natural gas sales of 7.3 MMcf/d (approximately 1,212 boe/d) over 19 operational days in October.

On August 16, 2022, the Company received a Certificate of Environmental Clearance ("CEC") to conduct development operations within the Cascadura area of the Ortoire block from the Trinidad and Tobago Environmental Management Authority. The CEC approved the construction of a multi-well surface production facility with a designed production capacity of 200 MMcf/d of natural gas, 5,000 bbls/d of associated liquids and 200 bbls/d of produced water, with a storage capacity of 8,800 barrels of liquids on the Cascadura A wellsite. In addition to the facility, the CEC includes the drilling of up to eight wells on two additional well pads (Cascadura B and C) and the establishment of associated pipelines and infrastructure within the Ortoire block.

Construction of the Cascadura surface facility and associated infrastructure required to bring production online from the two existing Cascadura wells is in progress. Once production at Cascadura is online, which the Company anticipates will be by the end of the first quarter of 2023, initial gross aggregate natural gas and associated liquids production from the Cascadura-1ST1 and Cascadura Deep-1 wells, based on previous well tests, has been forecasted at approximately 11,500 boe/d (9,200 boe/d net). In addition to the development of the Cascadura facility, the Company has a portfolio of further exploration and development drilling targets at the Ortoire block.

Material facts

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

What are the business objectives that we expect to accomplish using the available funds?

In order to allow the Company to accelerate these prospective exploration, development and production opportunities while the Company's cash balance and cash flows from operations are being allocated towards the Cascadura facility construction, Touchstone is seeking to raise funds to sidetrack Royston-1ST1 to drill and test the intermediate and subthrust sheets of the Herrera Formation in the first quarter of 2023. Net proceeds will also be applied to bring forward the drilling and potential completion of the Cascadura-2 development well in the second quarter of 2023.

PART 3 USE OF AVAILABLE FUNDS

What will our available funds be upon closing of the offering?

The available funds from this Offering will be used in combination with a concurrent private placement to institutional investors in the United Kingdom (the "UK Private Placement") to commence the aforementioned exploration and development drilling operations on the Ortoire block.

(C\$000's)	Assuming minimum offer only	Assuming 100% of offering
A Amount to be raised by this Offering	7,501	10,000
B Selling commissions and fees	450	600
C Estimated Offering costs (e.g., legal, accounting, audit)	200	200
D Net proceeds of Offering (D = A - (B+C))	6,851	9,200
E Estimated working capital deficiency as at October 31, 2022	(5,581)	(5,581)
F Additional sources of funding ⁽¹⁾	7,065	7,065
G Total available funds (G = D+E+F)	8,335	10,684

Note:

(1) Row F in the table represents the estimated net proceeds from the UK Private Placement, which is subject to change and is expected to be dependent on the amount raised in the Offering. There can be no assurance that the amount disclosed herein will be raised in the UK Placement in which case the Company will rely solely on net proceeds of the Offering.

Throughout 2022 the Company has been diligently investing funds in its Coho and Cascadura natural gas facilities, with the Coho facility coming online in October 2022. The Company's priority is to bring its Cascadura discovery onstream as soon as possible, which is forecasted to provide a material increase to production volumes and cash flows from operations. As a result, the Company's 2022 cash and working capital balances have declined from December 31, 2021.

How will we use the available funds?

(C\$000's)	Assuming minimum offer only	Assuming 100% of offering
Drilling operations on the Company's Ortoire block	8,335	10,684
Total intended use of available funds	8,335	10,684

How have we used the other funds we have raised in the past 12 months?

The Company has not undertaken any equity financing within the 12 months prior to the date of this document.

PART 4 FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with this offering, if any, and what are their fees?

Agents: Beacon Securities Limited and Canaccord Genuity Corp. as co-lead agents on behalf of a syndicate of agents (collectively, the "Agents").

Compensation type: Cash fee.

Cash commission: 6% of the gross proceeds of the Offering.

ADVISORIES

Exchange Rate

For reference purposes in this document, one United States dollar has been converted into Canadian dollars at a rate of US\$1.00 to C\$1.36.

Forward-looking Statements

Certain information provided in this document may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities laws. 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 "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved.

Forward-looking statements in this document include, but are not limited to, those in respect of the proposed Offering and the UK Private Placement, including the size, pricing and timing thereof, the type of securities being offered thereunder, the investors participating therein, the intended use of proceeds therefrom (including with respect to future exploration, development and production activities and the locations thereof), the conditions and approvals required and applications being filed in connection therewith, the expected construction of the Cascadura facility and timing thereof, the expectation of bringing exploration wells to production, the forecasted production rates derived from previous well production tests, and the expectation that such wells will increase production levels and cash flows from operations. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Certain of these risks are set out in more detail in the Company's December 31, 2021 Annual Information Form dated March 25, 2022 which has been filed on SEDAR and can be accessed at www.sedar.com. The forward-looking statements contained in this document are made as of the date hereof, and except as may be required by applicable securities laws, the Company assumes no obligation nor intent to update publicly or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

Oil and Gas Measures

Where applicable, natural gas has been converted to barrels of oil equivalent based on six thousand cubic feet to one barrel of oil. The barrel of oil equivalent rate is based on an energy equivalent conversion method primarily applicable at the burner tip, and given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.

Abbreviations

bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
MMcf/d	million cubic feet per day
C\$	Canadian dollars
US\$	United States dollars

APPENDIX A

ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

Each purchaser of the Offer Shares (the "**Investor**") makes, and is deemed to make, the following acknowledgements, covenants, representations and warranties to the Company and the Agents, as at the date hereof, and as of the closing date:

- a) the Investor confirms that it (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Offer Shares (including the potential loss of its entire investment); (ii) is aware of the characteristics of the Offer Shares and understands the risks relating to an investment therein; and (iii) is able to bear the economic risk of loss of its investment in the Offer Shares and understands that it may lose its entire investment in the Offer Shares;
- b) the Investor is resident in the jurisdiction disclosed to the Agents or the Company and the Investor was solicited to purchase in such jurisdiction;
- c) the subscription for the Offer Shares by the Investor does not contravene any of the applicable securities legislation in the jurisdiction in which the Investor resides and does not give rise to any obligation of the Company to prepare and file a prospectus, registration statement or similar document or to register the Offer Shares or to be registered with or to file any report or notice with any governmental or regulatory authority, other than standard post-closing filings required to be made in Canada and the United States for offerings exempt from the registration requirements;
- d) unless the Investor has separately delivered to the Company and the Agents a U.S. Representation Letter (in which case the Investor makes the representations, warranties and covenants set forth therein), the Investor (i) is not in the United States, its territories or possessions, any State of the United States or the District of Columbia (collectively, the "**United States**"), (ii) was outside of the United States at the time the buy order for the Offer Shares was originated, (iii) is not subscribing for the Offer Shares for the account of a person in the United States, (iv) is not subscribing for the Offer Shares for resale in the United States, and (v) was not offered the Offer Shares in the United States;
- e) the Investor is aware that the Offer Shares have not been and will not be registered under the United States Securities Act of 1933 (the "**U.S. Securities Act**") or the securities laws of any state of the United States and that the Offer Shares may not be offered, sold or otherwise disposed of, directly or indirectly, in the United States, any state or territory of the United States or the District of Columbia, without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an exemption from such registration and it acknowledges that the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of the sale or resale of the Offer Shares;
- f) the funds representing the aggregate subscription funds which will be advanced by the Investor to the Company hereunder, as applicable, will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "**PCMLTFA**") or for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, as may be amended from time to time (the "**PATRIOT Act**") and the Investor acknowledges that the Company may in the future be required by law to disclose the Investor's name and other information relating to the Investor's subscription of the Offer Shares, on a confidential basis, pursuant to the PCMLTFA and the PATRIOT Act, and that, to the best of its knowledge: (i) none of the subscription funds to be provided by the Investor (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction; or (B) are being tendered on behalf of a person who has not been identified to the Investor; and (ii) it will promptly notify the Company if the Investor discovers that any of such representations ceases to be true, and to provide the Company with appropriate information in

connection therewith;

- g) neither the Company, the Agents, nor any of their respective directors, employees, officers, affiliates or agents has made any written or oral representations to the Investor: (i) that any person will resell or repurchase the Offer Shares; (ii) that any person will refund all or any part of the subscription amount; or (iii) as to the future price or value of the Offer Shares;
- h) the Investor is not purchasing the Offer Shares with knowledge of any material information concerning the Company that has not been generally disclosed. The Investor's Offer Shares are not being purchased by the Investor as a result of, nor does the Investor, if any, have knowledge of, any material fact (as defined in securities laws, regulations and rules, and the blanket rulings and policies and written interpretations of, and multilateral or national instruments adopted by, the securities regulatory authorities in the jurisdiction in which the Investor is resident or subject to (the "**Securities Laws**")) or material change (as defined in Securities Laws) concerning the Company that has not been generally disclosed and the decision of the Investor, to tender this offer and acquire the Investor's Offer Shares has not been made as a result of any oral or written representation as to fact or otherwise made by, or on behalf of, the Company or any other person and is based entirely upon the offering document;
- i) no securities commission, agency, governmental authority, regulatory body, stock exchange or other regulatory body has reviewed or passed on the investment merits of the Offer Shares and there is no government or other insurance covering the Offer Shares;
- j) if required by applicable Securities Laws or the Company, the Investor will execute, deliver and file or assist the Company in filing such reports, undertakings and other documents with respect to the issue and/or sale of the Offer Shares as may be required by any securities commission, stock exchange or other regulatory authority;
- k) the Company is relying on an exemption from the requirement to provide the Investor with a prospectus or registration statement under the Securities Laws and, as a consequence of acquiring the Offer Shares pursuant to such exemption, the Investor may not receive information that would otherwise be required to be given under the Securities Laws;
- l) if the Investor is:
 - i. a corporation, the Investor is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to subscribe for the Offer Shares as contemplated herein and to carry out and perform its obligations under the terms of this offering document;
 - ii. a partnership, syndicate or other form of unincorporated organization, the Investor has the necessary legal capacity and authority to observe and perform its covenants and obligations under this offering document and has obtained all necessary approvals in respect thereof; or
 - iii. an individual, the Investor is of the full age of majority and is legally competent to observe and perform his or her covenants and obligations under this offering document;
- m) the Investor is responsible for obtaining such legal and tax advice as it considers appropriate in connection with the performance of this offering document and the transactions contemplated under this offering document, and that the Investor is not relying on legal or tax advice provided by the Company or its counsel;
- n) the performance and compliance with the terms of this offering document, the subscription for the Offer Shares and the completion of the transactions described herein by the Investor will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, bylaws or resolutions of the Investor if the Investor is not an

individual, the Securities Laws or any other laws applicable to the Investor, any agreement to which the Investor is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Investor;

- o) the Investor has obtained all necessary consents and authorities to enable it to agree to subscribe for the Offer Shares and to perform its obligations under this offering document and the Investor has otherwise observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in any territory in connection with its acceptance and the Investor has not taken any action which will or may result in the Company acting in breach of any regulatory or legal requirements of any territory in connection with the Offering or the Investor's subscription;
- p) where required by law, the Investor is either purchasing the Offer Shares as principal for its own account and not as agent or trustee for the benefit of another or is deemed to be purchasing the Offer Shares as principal for its own account in accordance with applicable Securities Laws;
- q) (i) neither the Investor, nor any beneficial purchaser, if any, nor any Subscriber Beneficial Owner (as defined below) has been subject to or experienced any event or circumstance described in Rule 506(d)(1)(i) through (viii) of Regulation D ("**Regulation D**") under the U.S. Securities Act, (ii) neither the Investor, nor any beneficial purchaser, if any, nor any Subscriber Beneficial Owner has been subject to any order, judgment, or decree of any court of competent jurisdiction temporarily, preliminary or permanently enjoining such person for failure to comply with Rule 503 of Regulation D, and (iii) if at any time the Investor, any beneficial purchaser, if any, or any Subscriber Beneficial Owner is deemed, directly or indirectly, to be the beneficial owner of ten percent (10%) or more of the Company's outstanding voting equity securities as calculated under Rule 13d-3 under the United States Securities Exchange Act of 1934, as amended, the Investor or the beneficial purchaser (as applicable) will immediately notify the Company if the Investor, any beneficial purchaser, or a Subscriber Beneficial Owner becomes subject to or experiences any of the events or circumstances listed in Rule 506(d)(1)(i) through (viii) of Regulation D (or any successor thereto or expansion thereof) or becomes subject to any order, judgment, or decree of any court of competent jurisdiction temporarily, preliminary or permanently enjoining such person for failure to comply with Rule 503 of Regulation D. The Investor has exercised, and will exercise, reasonable care to determine whether any beneficial purchaser and Subscriber Beneficial Owner is subject to any of the events or circumstances described in this paragraph. For these purposes, "Subscriber Beneficial Owner" means any person who through the Investor or the beneficial purchaser (if applicable) would be deemed, directly or indirectly, to be the beneficial owner of ten percent (10%) or more of the Company's outstanding voting equity securities as calculated under Rule 13d-3 under the United States Securities Exchange Act of 1934, as amended; and
- r) certain fees and commissions may be payable by the Company in connection with the Offering.

APPENDIX B

INDIRECT COLLECTION OF PERSONAL INFORMATION

By purchasing Offer Shares, the Investor acknowledges that the Company and the Agents and their respective agents and advisers may each collect, use and disclose its name and other specified personally identifiable information (including its name, jurisdiction of residence, address, telephone number, email address and aggregate value of the Offer Shares that it has purchased) (the "**Information**"), for purposes of (i) meeting legal, regulatory, stock exchange and audit requirements and as otherwise permitted or required by law or regulation, and (ii) issuing ownership statements issued under a direct registration system or other electronic book-entry system, or certificates that may be issued, as applicable, representing the Offer Shares to be issued to the Investor. The Information may also be disclosed by the Company to: (i) stock exchanges, (ii) revenue or taxing authorities and (iii) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. The Investor is deemed to be consenting to the disclosure of the Information.

By purchasing Offer Shares the Investor acknowledges (A) that Information concerning the Investor will be disclosed to the relevant Canadian securities regulatory authorities, including the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission, and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the Investor consents to the disclosure of the Information; (B) the Information is being collected indirectly by the applicable Canadian securities regulatory authorities under the authority granted to them in securities legislation; and (C) the Information is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; and by purchasing the Offer Shares, the Investor shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities.

The Investor may contact the following public official in the applicable province with respect to questions about the commission's indirect collection of such Information at the following address, telephone number and email address (if any):

Alberta Securities Commission

Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: 403 297-6454
Toll free in Canada: 1 877 355-0585
Facsimile: 403 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre 701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: 604 899-6854
Toll free in Canada: 1 800 373-6393
Facsimile: 604 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

Financial and Consumer Services Commission (New Brunswick)

85 Charlotte Street, Suite 300
Saint John, NB E2L 2J2
Toll free in Canada: 1 866 933-2222
Email: registration-inscription@fcbn.ca

Manitoba Securities Commission

500-400 St. Mary Avenue
Winnipeg MB R3C 4K5
Telephone: 204 945-2548
Toll Free in Manitoba: 800 655-5244
Fax: 204 945-0330
Email: securities@gov.mb.ca

Office of the Superintendent of Securities (Nunavut)

Legal Registries Division
Department of Justice
Government of Nunavut
4th Floor, Building 1106
Iqaluit, NU X0A 0H0
Tel: 867 975-6590
Fax: 867 975-6594
Email: securities@gov.nu.ca

Ontario Securities Commission

20 Queen Street West, 22nd Floor

Toronto, Ontario M5H 3S8

Telephone: 416 593- 8314

Toll free in Canada: 1 877 785-1555

Facsimile: 416 593-8122

Email: exemptmarketfilings@osc.gov.on.ca

Public official contact regarding indirect collection of information: Inquiries Officer

Northwest Territories Superintendent of Securities

Legal Registries Department of Justice

Government of the Northwest Territories

1st Floor Stuart Hodgson Building, 5009 49th St PO Box 1320

Yellowknife NT X1A 2L9

Telephone: 1 867 767-9305

Email: securitiesregistry@gov.nt.ca

Nova Scotia Securities Commission

Ste. 400, Duke Tower, 5251 Duke St.

Halifax, NS B3J 1P3

Telephone: 902 424-7768

Toll Free Number (within Nova Scotia): 1 855 424-2499

Fax: 902 424-4625

Email: NSSCinquiries@novascotia.ca

Prince Edward Island Office of the Superintendent of Securities

Office of the Superintendent of Securities

Financial and Consumer Services Division

95 Rochford Street, P. O. Box 2000

Charlottetown, PEI, C1A 7N8

Telephone: 902 620-3870

Fax: 902 368-5283

Financial and Consumer Affairs Authority (Saskatchewan)

Suite 601, 1919 Saskatchewan Drive

Regina, Saskatchewan S4P 4H2

Telephone: 306 787-5645

Email: fcaa@gov.sk.ca

Service NL (Newfoundland and Labrador Securities Regulation)

Digital Government and Service NL

100 Prince Phillip Drive, P.O. Box 8700

St. John's, NL A1B 4J6

Telephone: 1 709 729-4834

Email: servicenlinfo@gov.nl.ca

Yukon Superintendent of Securities

Government of Yukon

Jim Smith Building

2071 2nd Avenue

Whitehorse, Yukon Y1A 1B2

Phone: 867 667-5811

Toll-free in in the Yukon: 1 800 661-0408

Email: inquiry.desk@yukon.ca