



## TOUCHSTONE ANNOUNCES 2024 CAPITAL BUDGET, PRELIMINARY 2024 GUIDANCE AND AN OPERATIONAL UPDATE

CALGARY, ALBERTA (December 19, 2023) - Touchstone Exploration Inc. ("Touchstone", "we", "our" or the "Company") (TSX, LSE: TXP) is pleased to announce its annual 2024 capital budget, preliminary 2024 guidance and an operational update.

### **Paul Baay, President and Chief Executive Officer, commented:**

*"Our top priority remains maintaining a culture of safe and responsible operations that continues to drive near and long-term value creation for our investors. I am pleased to announce our growth-oriented capital budget for 2024 which reinforces Touchstone's commitment to pursue development opportunities that generate positive returns to position the Company for sustained success. The budget and preliminary guidance reflects our near-term strategy to deploy capital to developmental drilling opportunities and use our existing natural gas and liquids infrastructure capacity. We will remain disciplined when deploying our 2024 capital and increasing our credit capacity, adhering to our long-term net debt and liquidity targets. This approach will allow us to fund future exploration drilling from cash flows expected to be generated through our 2024 development drilling program and maximization of our existing financing facilities."*

### **Funding Position<sup>(1)</sup>**

The Company is in advanced discussions with its existing lender to increase its current debt capacity to facilitate the forecasted timing and amount of the 2024 capital budget presented herein. The 2024 budget contemplates increasing the Company's revolving component of its credit facility from \$7 million to \$20 million in the first quarter of 2024. Although we are confident of reaching agreement, currently there is no firm commitment in place between the parties. Accordingly, the 2024 budget and preliminary guidance may be subject to change, and such changes may be material. The Company will provide further updates in due course.

### **2024 Budget Highlights<sup>(1)</sup>**

- **Capital budget allocation** – we plan to invest approximately \$33 million of capital in 2024, with approximately 42 percent of our capital expenditures<sup>(2)</sup> directed to our Cascadura field and 38 percent to our Coho assets. The remaining 20 percent is allocated to our legacy oil properties, exploration licence payments and corporate infrastructure.
- **Drilling operations** – the initial 2024 capital budget contemplates drilling two Cascadura development wells, two CO-1 Block crude oil development wells, one Coho development well, and one Coho exploration well.
- **Production growth** – our 2024 mid-point annual average production guidance of 9,400 boe/d represents an approximate 135 percent increase from our forecasted 2023 average production, with a budgeted exit average production rate of 14,500 boe/d. Annual production guidance is 9,100 to 9,700 boe/d (approximately 82 percent natural gas weighted).
- **Funds flow generation and balance sheet strength** – the 2024 budget is designed to generate approximately \$32 million of funds flow from operations<sup>(2)</sup> (Brent price of \$75.00/bbl and an 18 percent realized Brent differential), resulting in a net debt to annual funds flow from operations ratio<sup>(2)</sup> of 0.78 times.

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(1) Forward-looking statement representing Management estimates. Additional information regarding the assumptions used are provided in the "2024 Guidance Summary" and "Advisories - Assumptions for 2024 Guidance" sections herein.

(2) Non-GAAP financial measure. See the "Advisories - Non-GAAP Financial Measures" section herein for additional information on the definitions and calculation of these measures.

## 2024 Budget and Guidance Overview

For 2024, Touchstone's Board of Directors has approved an initial capital budget of \$33 million to drill, complete and tie-in six wells, resulting in estimated annualized average daily production between 9,100 boe/d and 9,700 boe/d with a forecasted production mix of 82 percent natural gas and 18 percent crude oil and liquids.

Touchstone's initial 2024 drilling plan includes drilling two legacy property crude oil wells, two Cascadura development wells, one Coho development well and one Coho exploration well. Production growth is expected to be weighted in the fourth quarter of 2024, with two Cascadura wells expected to be drilled in the first half of the year and tied-in to the Cascadura plant prior to the end of the third quarter of 2024. The two Coho wells are expected to be drilled in the fourth quarter of 2024, and production additions from those wells are anticipated in the first quarter of 2025.

Using midpoint forecasted average production of 9,400 boe/d and a Brent Benchmark price of \$75.00 for crude oil and liquids, Touchstone expects to generate approximately \$32 million of funds flow from operations. Based on the approved capital budget of \$33 million, Touchstone is forecasting to exit 2024 with a net debt of \$25 million, resulting in a net debt to annual funds flow from operations ratio of 0.78 times.

## 2024 Guidance Summary<sup>(1)</sup>

| Annual Guidance                                     | Year ending<br>December 31, 2024 |
|---|----------------------------------|
| Capital expenditures <sup>(2)</sup> (\$000's)       | 33,000                           |
| Average daily production <sup>(3)</sup> (boe/d)     | 9,100 to 9,700                   |
| % natural gas <sup>(4)</sup>                        | 82%                              |
| % crude oil and liquids <sup>(4)</sup>              | 18%                              |
| Average Brent crude oil price (\$/bbl)              | 75.00                            |
| % realized discount to Brent benchmark price        | 18%                              |
| Funds flow from operations <sup>(5)</sup> (\$000's) | 32,000                           |
| Net debt – end of year <sup>(2)(5)</sup> (\$000's)  | 25,000                           |

### Notes:

- (1) Forward-looking statement representing Management estimates. Additional information regarding the assumptions used are provided in the "Advisories - Assumptions for 2024 Guidance" section herein.
- (2) Non-GAAP financial measure. See the "Advisories - Non-GAAP Financial Measures" section herein for additional information on the definitions and calculation of these measures.
- (3) In the table above and elsewhere in this news release, references to "boe" mean barrels of oil equivalent that are calculated using the energy equivalent conversion method. See the "Advisories - Oil and Natural Gas Measures" section herein for further information.
- (4) See the "Advisories - Product Type Disclosures" section herein for further information.
- (5) The financial performance measures included in the Company's 2024 preliminary guidance are based on the midpoint of the average production forecast.

## Operational Update

In November 2023, we achieved average net sales volumes of 8,268 boe/d as follows:

- 6,623 boe/d (8,279 boe/d gross) of Cascadura field net sales volumes consisting of:
  - net natural gas sales volumes of 36.1 MMcf/d or 6,022 boe/d (45.1 MMcf/d or 7,528 boe/d gross) with a realized price of \$2.46/Mcf; and
  - net natural gas liquids volumes of 601 bbls/d (751 bbls/d gross) with an average realized price of \$71.46 per barrel;
- Coho field net average natural gas sales volumes of 3.2 MMcf/d or 527 boe/d (4.0 MMcf/d or 659 boe/d gross) at a realized price of \$2.29/Mcf; and

- average gross and net daily crude oil sales volumes of 1,118 bbls/d with an average realized price of \$71.46 per barrel.

### *Cascadura*

Commissioning of the Cascadura natural gas facility has been completed, and the facility is fully functional. Since commencing production in September, the Cascadura facility has had an uptime of 97.9 percent with minimal interruptions experienced through the commissioning phase. Through November 30, 2023, the facility has processed 3.8 billion cubic feet of gross natural gas volumes and 73 Mbbls of gross NGL production volumes.

Touchstone continues to optimize Cascadura production volumes, with adjustments being made to the mechanical chokes which are constraining production in both wells. Through December 1 to December 17, 2023, Cascadura-1ST1 produced approximately 35.7 MMcf/d of gross field estimated natural gas volumes from the upper overthrust sheet while Cascadura Deep-1 contributed approximately 11.4 MMcf/d of gross field estimated natural gas production from the lower overthrust sheet.

We are evaluating the Cascadura Deep-1 well for future optimization, including the potential for additional perforations in the lower sheet. The additional perforations could increase production by reducing current reservoir draw down rates allowing for an increase in the surface choke, which is currently at 54 percent. These additional perforations can be achieved without the use of a service rig or having to kill the well. The Cascadura Deep-1 well has approximately 200 feet of perforations currently open (118 feet net pay), and wireline logs indicate an additional 149 feet of reservoir sands (109 feet net pay) in the lower part of the formation available for future completion. The well also has 366 feet of gross sand (274 feet net pay) in the upper overthrust sheet that can also be perforated in the future. Touchstone anticipates commencing a staged approach to adding these sands in the lower overthrust sheet in the first half of 2024.

Preparation works for drilling the Cascadura-2 development well using Star Valley Rig #205 are underway, with the intent to spud early in the first quarter of 2024 from the Cascadura-C surface location located approximately 5,000 feet northeast of our producing Cascadura wells. The Cascadura-2 well is targeting the same Herrera 7bc overthrust sand packages as the current Cascadura producing wells.

### *Coho*

Touchstone completed a workover on the Coho-1 well on December 4, 2023, successfully isolating the lowermost perforations and shutting off approximately 77 percent of the produced water. Two weeks following the workover, field estimated gross production volumes have averaged approximately 4.6 MMcf/d of natural gas with approximately 54 barrels of water per day, compared to November gross production volumes of 4.0 MMcf/d of natural gas and 230 barrels of water per day. Based on the decreased water production, Touchstone expects fluid hauling expenses to decrease by approximately 80 percent.

Preparations are underway to facilitate the drilling of the Coho-2 development well and the Gibba-1 exploration well which are expected to be drilled on the existing Coho-1 surface location in the fourth quarter of 2024.

### *Royston*

Production testing of the Royston-1X exploration well has been suspended, and no further testing or expenditures are planned. The uppermost Karamat and Herrera sands were put to pump, however the rates encountered were not economic. Touchstone will review the data collected during testing from both the Royston-1 and Royston-1X wells to determine if a declaration of commerciality for the Royston structure is warranted.

### *CO-1 Block*

Preparations are underway on our CO-1 block for a two development well drilling program. A local drilling

contractor is expected to mobilize a drilling rig to the location in late January, pending completion of their current drilling operations. Two wells are expected to be drilled from an existing surface location, both targeting Forest and Cruse sands which have proven to be highly prospective based on the Company's previous drilling campaign offsetting the area.

### **Touchstone Exploration Inc.**

Touchstone's updated corporate presentation is available on our website at [www.touchstoneexploration.com](http://www.touchstoneexploration.com).

Touchstone Exploration Inc. 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. The Company's common shares are traded on the Toronto Stock Exchange and the AIM market of the London Stock Exchange under the symbol "TXP". For further information about Touchstone, please visit our website at [www.touchstoneexploration.com](http://www.touchstoneexploration.com) or contact:

Mr. Paul Baay, President and Chief Executive Officer  
Mr. Scott Budau, Chief Financial Officer  
Mr. James Shipka, Chief Operating Officer  
Telephone: 403.750.4487

### **Advisories**

#### ***Currency***

All financial figures are stated in United States dollars unless otherwise noted.

#### ***Forward-looking Statements***

The information provided in this news release contains certain 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 "expect", "plan", "anticipate", "believe", "intend", "maintain", "continue to", "pursue", "design", "result in", "sustain", "estimate", "potential", "growth", "near-term", "long-term", "forecast", "contingent" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. The forward-looking statements contained in this news release speak only as of the date hereof and are expressly qualified by this cautionary statement.

Specifically, this news release includes, but is not limited to, forward-looking statements relating to: the Company's business plans, strategies, priorities and development plans; Touchstone's ability to pursue development opportunities that generate positive returns and position it for success; the Company's intention to expand the current revolving portion of its credit facility; the focus of Touchstone's 2024 capital plan, including pursuing developmental drilling activities and optimizing existing natural gas and liquids infrastructure capacity; anticipated 2023 and 2024 annual average production and production by commodity; forecasted production decline rates; anticipated timing of developmental and exploration drilling production; anticipated 2024 capital expenditures including estimations of costs and inflation incorporated therein; expected drilling activities, including locations and the timing thereof; anticipated timing of well tie-in operations; forecasted 2024 average Brent reference price and the Company's budgeted realized price in relation thereto; forecasted royalty, operating, general and administration, cash finance and income tax expenses; anticipated funds flow from operations and net debt; field estimated production; the Company's expectation of decreased Coho fluid hauling expenses; the quality and quantity of prospective hydrocarbon accumulations based on analysis of wireline logs; and Touchstone's current and future financial position, including the sufficiency of resources to fund future capital expenditures and maintain financial liquidity. The Company's actual decisions, activities, results, performance, or achievement could differ materially

from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Touchstone will derive from them. The assumptions used to generate this forward-looking formation and statements include, among other things, the assumption that the Company will be able to increase the revolving component of its credit facility from \$7 million to \$20 million in the first quarter of 2024.

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 2022 Annual Information Form dated March 23, 2023 which is available under the Company's profile on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and on the Company's website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)). The forward-looking statements contained in this news release are made as of the date hereof, and except as may be required by applicable securities laws, the Company assumes no obligation or 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.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Touchstone's prospective results of operations and production included in its 2024 guidance, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the paragraphs above. The FOFI contained in this news release was approved by Management as of the date of this news release and was provided for the purpose of providing further information about Touchstone's future business operations. This information has been provided for illustration only and, with respect to future periods, is based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Touchstone and its Management believe that FOFI has been prepared on a reasonable basis, reflecting Management's best estimates and judgments, and represents, to the best of Management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. Touchstone disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein, and the financial outlook information contained herein is not conclusive and is subject to change. Changes in the intended increase in the Company's credit facility, variations in forecasted crude oil and liquids prices, differences in the amount and timing of capital expenditures, and variances in average production estimates and decline rates can have a significant impact on the key performance measures included in the guidance disclosed herein. Management does not have firm commitments for its intended increase in debt capacity nor for the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of the forecasted costs, expenditures, prices and operating results are not objectively determinable. The actual results of the Company's operations and the resulting financial results will vary from the amounts set forth in this news release and such variations may be material.

### ***Non-GAAP Financial Measures***

This news release references various non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures as such terms are defined in National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Such measures are not recognized measures under Canadian Generally Accepted Accounting Principles ("GAAP") and do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar financial measures disclosed by other issuers. Readers are cautioned that the non-GAAP financial measures referred to herein should not be construed as alternatives to, or more meaningful than, measures prescribed by IFRS, and they are not meant to enhance the

Company's reported financial performance or position. These are complementary measures that are commonly used in the oil and natural gas industry and by the Company to provide shareholders and potential investors with additional information regarding the Company's performance. Below is a description of the non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures disclosed herein.

### *Capital expenditures*

Capital expenditures is a non-GAAP financial measure that is calculated as the sum of exploration and evaluation asset expenditures and property, plant and equipment expenditures included in the Company's consolidated statements of cash flows and is most directly comparable to cash used in investing activities. Touchstone considers capital expenditures to be a useful measure of its investment in its existing asset base. The following table presents a historical computation of capital expenditures and reconciles capital expenditures to cash used in investing activities for the periods indicated.

| (\$000's)                                | Three months ended |                    | Nine months ended |                    |
|--|--------------------|--------------------|-------------------|--------------------|
|  | 2023               | September 30, 2022 | 2023              | September 30, 2022 |
| E&E asset expenditures                   | 3,498              | 2,692              | 17,043            | 7,498              |
| PP&E expenditures                        | 111                | 207                | 720               | 1,323              |
| <b>Capital expenditures</b>              | <b>3,609</b>       | <b>2,899</b>       | <b>17,763</b>     | <b>8,821</b>       |
| Abandonment fund expenditures            | 131                | 26                 | 253               | 85                 |
| Proceeds from asset dispositions         | -                  | (11)               | (250)             | (146)              |
| Net change in non-cash working capital   | 1,090              | (824)              | 978               | 5,982              |
| <b>Cash used in investing activities</b> | <b>4,830</b>       | <b>2,090</b>       | <b>18,744</b>     | <b>14,742</b>      |

### *Net debt*

Management monitors net debt as part of the Company's capital structure to evaluate its true debt and liquidity position and to manage capital and liquidity risk. Net debt is a capital management measure calculated by summing the Company's working capital and the principal (undiscounted) long-term amount of senior secured debt and is most directly comparable to total liabilities disclosed in the Company's consolidated balance sheets. Working capital is calculated by subtracting current liabilities from current assets as they appear on the applicable consolidated balance sheets. The following table presents historical working capital and net debt computations for the periods indicated.

| (\$000's)                                | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| Current assets                           | (17,370)           | (26,415)          |
| Current liabilities                      | 30,789             | 21,423            |
| <b>Working capital deficit (surplus)</b> | <b>13,419</b>      | <b>(4,992)</b>    |
| Principal long-term balance of bank debt | 16,500             | 21,000            |
| <b>Net debt</b>                          | <b>29,919</b>      | <b>16,008</b>     |

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

| (\$000's)   | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| <b>Total liabilities</b>                                    | <b>73,832</b>      | <b>69,497</b>     |
| Lease liabilities   | (1,662)            | (1,373)           |
| Other liabilities   | -                  | -                 |
| Decommissioning liabilities                                 | (11,594)           | (11,182)          |
| Deferred income tax liability                               | (13,318)           | (14,557)          |
| Variance of carrying value and principal value of bank debt | 31                 | 38                |
| Current assets  | (17,370)           | (26,415)          |
| <b>Net debt</b>   | <b>29,919</b>      | <b>16,008</b>     |

### *Net debt to funds flow from operations ratio*

The Company monitors its capital structure using a net debt to funds flow from operations ratio, which is a non-GAAP financial ratio and a capital management measure calculated as the ratio of the Company's net debt to trailing twelve months funds flow from operations for any given period. The following table is a calculation of the Company's projected net debt to annual funds flow from operations ratio disclosed herein.

|   | <b>December 31,<br/>2024 Guidance</b> |
|---|---------------------------------------|
| Net debt <sup>(1)(2)</sup> (\$000's)                          | 25,000                                |
| Annual funds flow from operations <sup>(1)(2)</sup> (\$000's) | 32,000                                |
| <b>Net debt to funds flow from operations ratio</b>           | <b>0.78 times</b>                     |

Notes:

- (1) Forward-looking statement representing Management estimates. Additional information regarding the assumptions used are provided in the "Advisories - Assumptions for 2024 Guidance" section herein.
- (2) The financial performance measures included in the Company's 2024 preliminary guidance are based on the midpoint of the average production forecast.

### *Supplementary Financial Measures*

*Realized commodity price per boe* - is comprised of petroleum and natural gas sales as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

*Royalties as a percentage of petroleum and natural gas sales* - is comprised of royalties as determined in accordance with IFRS, divided by petroleum and natural gas sales as determined in accordance with IFRS.

*Operating expenses per boe* - is comprised of operating expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

*General and administration expenses per boe* - is comprised of general and administration expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

*Cash finance expenses per boe* - is comprised of cash finance expenses, divided by the Company's total production volumes for the period. Cash finance expenses are calculated as net finance expenses as determined in accordance with IFRS, less accretion on decommissioning obligations, which are non-cash in nature.

*Current income tax expense per boe* - is comprised of current income tax expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

For further information, please refer to the "Advisories - Non-GAAP Financial Measures" section of the Company's most recent Management's discussion and analysis for the three and nine months ended September 30, 2023 available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and on the Company's website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)), which includes further discussion of the purpose and composition of the specified non-GAAP financial measures consistently used by the Company and detailed reconciliations to the most directly comparable GAAP measures.

### **Product Type Disclosures**

In this news release, references to "crude oil" refer to "light crude oil and medium crude oil" and "heavy crude oil" combined product types; references to "NGLs" refer to condensate; and references to "natural gas" refer to the "conventional natural gas" product type, as such terms are defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). References to "crude oil and liquids" herein include crude oil and NGLs.

For information regarding historical production product disclosures in accordance with NI 51-101, please refer to the "Advisories - Product Type Disclosures" section in the Company's most recent Management's discussion and analysis for the three and nine months ended September 30, 2023 available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and on the Company's website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)).

### **Oil and Natural Gas Measures**

Where applicable, natural gas has been converted to barrels of oil equivalent (boe) based on six thousand cubic feet (Mcf) to one barrel (bbl) 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. This conversion factor is an industry accepted norm and is not based on either energy content or prices.

### **Assumptions for 2024 Guidance**

The significant assumptions used in the forecast of average daily production, funds flow from operations and net debt are summarized below. These key performance measures are based on the midpoint of 2024 average production guidance of 9,400 boe/d.

The 2024 budget is contingent on the Company increasing the revolving component of its credit facility from \$7 million to \$20 million in the first quarter of 2024. Although advanced discussions have commenced, there can be no certainty that the Company will be able to increase its current credit capacity at all, or in the quantum and time frame contemplated by Management. Accordingly, the 2024 budget and preliminary guidance disclosed herein may be subject to change, and such changes may be material.

Production estimates contained herein are expressed as anticipated average production over the calendar 2024 year. All production volumes disclosed herein are based on Company working interest before royalty burdens. In determining anticipated 2024 production, Touchstone considered historical drilling, completion, production results and decline rates for prior years and considered the estimated impact on production of the Company's 2024 expected drilling and completion activities.

Touchstone expects that approximately 12 percent of its midpoint average production guidance will be comprised of crude oil, 6 percent NGLs, and 82 percent conventional natural gas. See the "Advisories - Product Type Disclosures" section herein for further information.

| <b>Annual Financial Guidance<sup>(1)</sup></b>                     | <b>Units</b> | <b>Year ending<br/>December 31, 2024</b> |
|--|--------------|--|
| Realized commodity price <sup>(2)</sup>                            | \$/boe       | 23.10                                    |
| Expenses   |              |  |
| Royalties as a % of petroleum and natural gas sales <sup>(2)</sup> | %            | 20                                       |
| Operating expenses <sup>(2)</sup>                                  | \$/boe       | 3.50                                     |
| General and administration expenses <sup>(2)</sup>                 | \$/boe       | 3.10                                     |
| Cash finance expenses <sup>(2)</sup>                               | \$/boe       | 1.00                                     |
| Current income tax expenses <sup>(2)</sup>                         | \$/boe       | 1.80                                     |

Note:

- (1) The financial performance measures included in the Company's 2024 preliminary guidance are based on the midpoint of the average production forecast.
- (2) Non-GAAP financial measure. See the "Advisories - Non-GAAP Financial Measures" section herein for further information.

Changes in the Company's available bank debt capacity, variations in forecasted crude oil and liquids prices, differences in the amount and timing of capital expenditures, and variances in average production estimates and decline rates can have a significant impact on the key performance measures included in the guidance disclosed herein. The actual results of the Company's operations and the resulting financial results will vary from the amounts set forth in this news release and such variations may be material.



Using the midpoint of the Company's production guidance and holding all other assumptions constant, a \$5/bbl increase (decrease) in the forecasted average Brent crude oil price for 2024 would increase funds flow from operations by approximately \$1.2 million (decrease by \$1.2 million). Assuming capital expenditures are unchanged, the impact on funds flow from operations is estimated to result in an equivalent decrease (increase) in forecasted year end 2024 net debt.

**Abbreviations**

The following abbreviations referenced in this news release have the meanings set forth below:

|        |                                   |
|--------|-----------------------------------|
| bbls/d | barrels per day                   |
| Mbbls  | thousand barrels                  |
| boe    | barrels of oil equivalent         |
| boe/d  | barrels of oil equivalent per day |
| Mcf    | thousand cubic feet               |
| Mcf/d  | thousand cubic feet per day       |
| MMcf   | million cubic feet                |
| MMcf/d | million cubic feet per day        |
| NGLs   | natural gas liquids               |