



TOUCHSTONE ANNOUNCES 2015 GUIDANCE

Calgary, Alberta – December 17, 2014 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX: TXP) is pleased to announce that its Board of Directors has approved a 2015 capital strategy which includes a first quarter capital budget of approximately \$4 million. This strategy will see the Company execute its annual capital program within realized cash flows. The Board will review and approve the Company’s capital budget on a quarterly basis with a focus on optimizing spending in response to changing commodity prices and industry conditions.

Based on its successful 2014 Trinidad development program, the Company has elected to continue to focus on its low risk drilling inventory in Trinidad and has assumed an average Brent oil price of US\$70 as the benchmark for its 2015 capital guidance. With a focus on consistent 2015 production growth, the Company anticipates corporate funds flow in the range of \$13 to \$14 million with corporate average annual oil volumes of 2,700 to 2,900 barrels per day (“bbls/d”). Furthermore, the Company is focusing on reducing its Trinidad operating expenses and has committed to reducing its general and administrative costs in Canada and Trinidad by at least 20 percent and 10 percent, respectively. Management will continue to closely monitor commodity prices and industry trends and focus on maintaining a strong balance sheet while managing the 2015 capital program. Scott Budau, Chief Financial Officer said “we have worked diligently to strengthen our capital structure over the last two years and prefer to maintain our current flexibility by fully funding our capital program through funds flow.”

The Company’s original 2014/15 guidance forecasted a continuous two rig drilling program in Trinidad. Drilling was reduced to a one rig program in late 2014 which allowed the Company to preserve capital while still achieving 2014 production goals. For 2015 the Company will continue with a one rig development drilling program and will focus on the Coora and WD-4 properties, both of which have yielded the greatest capital efficiencies through 2014 with higher initial production rates, stable base production volumes and lower operating costs.

Pursuant to the recently announced credit facility, the Company entered into a one year Brent referenced financial swap for 800 bbls/d at a price of US\$70.60. In addition to the swap, the Company purchased a call option on 800 bbls/d at US\$90.00 commencing April 1, 2015 through November 30, 2015. These agreements were completed on a costless basis and help protect the Company against Brent prices below US\$70.60 while retaining exposure to Brent prices above US\$90.00 per barrel.

Touchstone has sold approximately 3.2 million of its original 3.5 million shares of Lightstream Resources Ltd. (TSX: LTS) which were purchased by Petrobank Energy and Resources Ltd. in early 2013. The Company has realized an average sell price of \$6.53 per share for total proceeds of \$21.5 million. The remaining share holdings will be disposed in the near future.

Touchstone will continue to move forward on a cautious basis while focusing on quarterly production growth and will provide second quarter guidance in March 2015.

***Touchstone Exploration Inc.** is a Calgary-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 and Western Canada. The Company’s common shares are traded on the Toronto Stock Exchange under the symbol “TXP”.*

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***Forward-Looking Statements:** Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements relating to anticipated financial results, results from operations, future capital expenditures (including the location, type and impact of such expenditures), drilling success, production results, future levels of administrative expenditures and plans related to and the timing of certain projects. Forward-looking statements are necessarily based on a number*

of assumptions and judgments, including but not limited to, assumptions relating to the outlook for commodity and capital markets, the success of future resource evaluation and development activities, the performance of producing wells and reservoirs, well development and operating performance, general economic conditions, weather, and the regulatory and legal environment. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. You can find a discussion of those risks and uncertainties in the Company's Canadian securities filings. Such factors include, but are not limited to: general economic, market and business conditions; weather conditions and access to properties; fluctuations in oil prices; the results of exploration and development drilling, recompletions and related activities; timing and rig availability; outcome of exploration contract negotiations; fluctuation in foreign currency exchange rates; the uncertainty of reserve estimates; changes in environmental and other regulations; uncertainties associated with the regulatory review and approval process in respect to projects; risks associated with the application of early stage technology; risks associated with oil and gas operations and other factors, many of which are beyond the control of Touchstone. There is no representation by Touchstone that actual results achieved during the forecast period will be the same in whole or in part as those forecasted. Except as may be required by applicable securities laws, Touchstone assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.