TOUCHSTONE ANNOUNCES 2015 SECOND QUARTER RESULTS

Calgary, Alberta – August 13, 2015 – Touchstone Exploration Inc. ("Touchstone" or the "Company") (TSX: TXP) announces its financial and operating results for the three and six months ended June 30, 2015. Selected financial and operational information is outlined below and should be read in conjunction with Touchstone's June 30, 2015 unaudited interim consolidated financial statements and the related management's discussion and analysis. These filings will be available at www.sedar.com and the Company's website at www.touchstoneexploration.com. Tabular amounts herein are in thousands of Canadian dollars and amounts in text are rounded to thousands of Canadian dollars unless otherwise stated.

Highlights

During the three month period ended June 30, 2015, Touchstone reported:

- Average oil sales of 1,786 barrels per day ("bbls/d"), 1,625 bbls/d produced in Trinidad and 161 bbls/d produced in Canada. Quarterly production represented an increase of 46% over the comparative 2014 quarter and a decrease of 12% from the prior quarter.
- Funds flow from operations of $762,000 ($0.01 per basic share) compared to a loss of $4,007,000 (0.06 per basic share) in the comparative 2014 quarter and positive funds flow from operations of $425,000 ($0.01 per basic share) in the prior quarter.
- Trinidad operating netbacks of $3,898,000 ($26.35 per barrel), which offset Canadian operating netback losses of $229,000 ($15.66 per barrel). Company second quarter operating netbacks were $3,669,000 or $22.57 per barrel, which represented an increase of 41% from the prior year comparative quarter and a decrease of 13% from the prior quarter.
- The purchase of a further 35% working interest in the Trinidad East Brighton offshore license, bringing our working interest to 70%.
- A decrease in net debt of $471,000 from the prior quarter. Net debt as at June 30, 2015 was $5,755,000, including a working capital surplus of $1,730,000.

Financial and Operating Results

	Three months ended June 30		Six months ended June 30	
	2015	2014[1]	**2015**	2014[1]
Operating				
Average daily oil production (bbls/day)				
Trinidad	**1,625**	830	**1,683**	418
Canada	**161**	391[2]	**227**	390[2]
Company total	**1,786**	1,221[2]	**1,910**	808[2]
Average oil prices before derivatives ($/bbl)				
Trinidad	**66.67**	104.02	**62.59**	104.02
Canada	**49.37**	82.39[2]	**39.81**	78.99[2]
Company total	**65.12**	97.09[2]	**59.89**	91.92[2]
Trinidad operating netback[3] ($/bbl)				
Reference price – Brent	**75.74**	119.61	**71.49**	119.46
Petroleum revenue	**66.67**	104.02	**62.59**	104.02
Royalties	**(20.49)**	(36.53)	**(19.48)**	(36.53)
Net revenue	**46.18**	67.49	**43.11**	67.49
Realized gain on derivatives	**4.25**	-	**6.59**	-
Operating costs	**(24.08)**	(43.86)	**(22.02)**	(43.86)
Operating netback	**26.35**	23.63	**27.68**	23.63

	Three months ended June 30		Six months ended June 30	
	2015	2014[1]	**2015**	2014[1]
Canada operating netback[3] ($/Bbl)				
Reference price – WTI	**71.09**	-	**65.73**	-
Petroleum revenue	**49.37**	-	**39.81**	-
Royalties	**(6.63)**	-	**(4.85)**	-
Net revenue	**42.74**	-	**34.96**	-
Operating costs	**(58.40)**	-	**(48.72)**	-
Operating netback	**(15.66)**	-	**(13.76)**	-
Financial *($000's except share and per share amounts)*				
Funds flow from operations[3]				
Trinidad	**2,410**	(373)	**5,503**	721
Canada	**(1,648)**	(3,634)	**(4,316)**	(6,842)
Company total	**762**	(4,007)	**1,187**	(6,121)
Per share – basic and diluted[3,4]	**0.01**	(0.06)	**0.01**	(0.11)
Net loss	**(8,505)**	2,751	**(9,633)**	(1,216)
Per share – basic and diluted[4]	**(0.10)**	0.04	**(0.12)**	(0.02)
Capital expenditures				
Exploration assets	**291**	3,189	**479**	9,000
Property and equipment	**1,144**	7,797	**2,315**	7,816
Company total	**1,435**	10,986	**2,794**	16,816
Total assets - end of period			**125,788**	183,461
Net debt (surplus)[3] - end of period			**5,755**	(8,754)
Weighted average shares outstanding[4]				
Basic	**83,079,643**	65,813,486	**83,076,770**	57,328,053
Diluted	**83,079,643**	66,069,228	**83,076,770**	57,328,053
Outstanding shares[4] - end of period			**83,079,643**	81,738,643

[1]During the three and six months ended June 30, 2014, Canadian operating netbacks were netted against exploration assets as all properties were in the exploration stage. All Trinidad comparative results are subsequent to the May 13, 2014 acquisition date.
[2]Average daily production and average realized prices include exploration property results.
[3]See "Non-GAAP Measures."
[4] All current and comparative share amounts have been adjusted to reflect the two for one common share consolidation completed on May 13, 2014.

Throughout 2015, Touchstone focused on operational initiatives to ensure the sustainability and future profitability of the Company in a low commodity price environment. As a result, production volumes in Canada and Trinidad declined based on reduced operating and capital investment. We remain focused on developing our core Trinidad resources, as we recompleted five Trinidad wells in the second quarter and twelve Trinidad wells through June 30, 2015.

Despite a decrease in realized oil prices, the Company maintained balance sheet strength with second quarter net debt of $5,755,000. This decrease in net debt was aided by two previously announced dispositions that closed in July. The corresponding net assets held for sale of $2,998,000 were included in working capital as of June 30, 2015. Had the transactions closed in the second quarter, net debt would have been $2,453,000.

Production volumes averaged 1,786 bbls/d during the three months ended June 30, 2015 (100% oil). Trinidad and Canadian petroleum sales averaged 1,625 bbls/d and 161 bbls/d, respectively, representing a combined increase of 46% from the comparative 2014 quarter and a decrease of 11% from the 2015 first quarter.

Excluding derivatives, Trinidad operating netbacks were $22.10 per barrel compared to $20.14 recognized in the first quarter of 2015. Quarterly average realized oil prices increased 14%, with royalty expenses increasing on a commensurate basis. Operating expenses per barrel increased 20% based on increased well servicing costs. The increase also relates to a 6% decline in production and thus less fixed cost absorption on a per unit basis. We realized a gain on derivatives of $628,000 or $4.25 per barrel during the quarter versus a gain of $1,379,000 or $8.80 per barrel in the first quarter of 2015. For the three months ended June 30, 2015, Trinidad operating netbacks were $3,898,000, which represented a decrease of $639,000 from the prior quarter due to a decrease in realized derivative gains and an overall 6% decrease in quarter-over-quarter production.

In Canada, the Company continued its focus on project economics versus production growth. Kerrobert operations incurred negative operating netbacks of $229,000 in the quarter versus negative netbacks of $336,000 recognized in the previous quarter. Although Kerrobert petroleum revenue decreased 11% based on production decreases of 37% from the prior quarter, operating costs decreased $224,000 or 20%. The Company has continually reduced Kerrobert facility expenses throughout the year as June 2015 operating expenses were 28% lower than January 2015.

For the quarter ended June 30, 2015, general and administrative costs were $2,276,000 which represented a decrease of 32% from the previous quarter. The Company continues to decrease general and administrative costs, as quarterly expenses decreased 15% from the prior quarter after deducting non-recurring severance charges of $691,000 that were recorded in the first quarter of 2015.

Funds flow from operations for the three months ended June 30, 2015 was $762,000 ($0.01 per basic share) versus a loss of $4,007,000 ($0.06 per basic share) in the prior year comparative quarter and positive funds flow from operations of $425,000 ($0.01 per basic share) in the first quarter of 2015.

Due mainly to $6,783,000 in non-cash impairments, the Company recorded a net loss of $8,505,000 during the three months ended June 30, 2015. Our Dawson property was revalued to the sales proceeds of $2,100,000, resulting in an impairment charge of $2,562,000. $2,503,000 in Trinidad based decommission obligation assets were also impaired in the quarter, as additional decommissioning liabilities were recorded based on an increase in the expected Trinidad long-term inflation rate. Furthermore, a $2,206,000 unrealized loss on financial derivatives was booked in the quarter based on the fair value of our commodity price contracts as at June 30, 2015.

Touchstone’s capital program for 2015 remains flexible as we have minimal near-term commitments or financial obligations in Canada and Trinidad. Management continues to monitor current commodity prices and will continue to conserve capital and apply a prudent approach to capital expenditures. Based on the proceeds received from the Canadian dispositions subsequent to the quarter, we expect to drill two infill wells in Trinidad in 2015 and continue to optimize production from the 2014 Trinidad drilling program through up-hole recompletions. We remain committed to improving our cost structure and curtailing Canadian operating losses throughout the remainder of the year.

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”.*

Further Information

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Advisories

Non-GAAP Measures: This press release contains terms commonly used in the oil and natural gas industry, such as funds flow from operations, funds flow from operations per share, operating netback, funds flow netback and net debt. These terms do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Funds flow from operations includes all cash generated from operating activities and is calculated before changes in non-cash working capital. 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. Operating netbacks are presented on a per barrel basis and are calculated by deducting royalties and operating expenses from petroleum sales. Funds flow netbacks are presented on a per barrel basis and are calculated by deducting royalties, operating expenses, general and administrative expenses, transaction costs, net cash finance expenses and current income tax expenses from petroleum sales. Net debt is calculated by summing the Company's working capital and non-current interest bearing instruments. Working capital is defined as current assets less current liabilities. Management uses these non-GAAP measures for its own performance measurement and to provide stakeholders with measures to compare the Company's operations with those of its peers.

Forward-Looking Statements: Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements regarding the Company's production levels, projected capital expenditures, projected operating expenses and general and administrative costs, sufficiency of resources to fund operations 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.