



TOUCHSTONE ANNOUNCES YEAR END 2015 FINANCIAL RESULTS

Calgary, Alberta – March 24, 2016 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX: TXP) announces its financial and operating results for the year ended December 31, 2015. Selected financial and operational information is presented below and should be read in conjunction with Touchstone’s December 31, 2015 audited consolidated financial statements and related management’s discussion and analysis. Tabular amounts herein are in thousands of Canadian dollars and amounts in text are rounded to thousands of Canadian dollars unless otherwise stated.

2015 Annual Highlights

- Achieved average oil sales of 1,756 barrels per day (“bbls/d”), 1,600 bbls/d produced in Trinidad and 156 bbls/d produced in Canada. Trinidad production increased 40% from the prior year while Canadian production decreased 61% from 2014.
- Realized Trinidad operating netbacks of \$16,272,000 (\$27.88 per barrel) which offset Canadian operating netback losses of \$1,475,000 (\$25.88 per barrel). Company operating netbacks were \$14,797,000 or \$23.09 per barrel, which represented a decrease of 2% from the prior year.
- Reduced annual per barrel operating expenses by 16% or \$4.85 per barrel from 2014. Trinidad operating costs reduced by approximately US\$4.97 per barrel or 22% from the previous year.
- Generated positive corporate funds flow from operations of \$2,908,000 (\$0.04 per basic share) compared to \$390,000 (\$0.01 per basic share) in 2014. Trinidad operations generated funds flow from operations of \$7,157,000, offsetting Canadian funds flow losses of \$4,249,000 recognized in 2015.
- Recorded a net loss of \$22,147,000 (\$0.27 per basic share), which was primarily driven by non-cash property and equipment impairment charges mainly associated with the decrease in forward commodity prices.
- Reduced net debt by \$7,913,000 from the prior year, as the Company exited 2015 with a net surplus of \$987,000.
- Entered into various ICE Brent referenced financial swaps for 800 bbls/d at an average price of US\$63.25 for the 2016 year.
- Released an updated independently evaluated reserves assessment prepared by GLJ Petroleum Consultants Ltd. with proved plus probable reserves growth of 5% over 2014, increasing to 15,465 Mbbbls and achieving a 219% reserve replacement ratio with total 2015 gross reserve additions of 679 Mbbbls.
- Achieved Trinidad based proved plus probable reserves finding and development costs of \$5.83 per barrel including future development capital.
- Disposed of various non-core Canadian assets for combined cash proceeds of \$8,500,000.
- On February 1, 2016, disposed of the Kerrobert property and various undeveloped land rights for cash proceeds of \$650,000. Through the disposition, the Company immediately eliminated operating losses and transferred its estimated Canadian discounted decommissioning liability balance of \$4,028,000 to the purchaser effective December 31, 2015.

Annual Financial and Operating Results

	Year ended December 31,	
	2015	2014 ¹
Operating		
Average daily oil production (<i>bbls/d</i>)		
Trinidad	1,600	1,146
Canada	156	404 ²
Company total	1,756	1,550 ²
Average realized oil prices before derivatives (<i>\$/bbl</i>)		
Trinidad	58.45	89.93
Canada	38.80	73.75 ²
Company total	56.70	85.71 ²
Trinidad operating netback ³ (<i>\$/bbl</i>)		
Reference price – Brent	66.62	109.04
Petroleum revenue	58.45	89.93
Royalties	(18.35)	(29.15)
Net revenue	40.10	60.78
Realized gain on derivatives	10.59	0.53
Operating costs	(22.81)	(27.57)
Operating netback	27.88	33.74
Canada operating netback ³ (<i>\$/bbl</i>)		
Reference price – WTI	61.95	102.71
Petroleum revenue	38.80	69.64
Royalties	(6.93)	(5.60)
Net revenue	31.87	64.04
Operating costs	(57.75)	(49.59)
Operating netback	(25.88)	14.45
Financial (<i>\$000's except share and per share amounts</i>)		
Funds flow from operations ³		
Trinidad	7,157	8,901
Canada	(4,249)	(8,511)
Company total	2,908	390
Per share – basic and diluted ^{3,4}	0.04	0.01
Net loss	(22,147)	(57,262)
Per share – basic and diluted ⁴	(0.27)	(0.82)
Capital expenditures		
Exploration assets	1,245	11,355
Property and equipment	3,572	23,610
Company total	4,817	34,965
Total assets – end of period	100,619	140,333
Net (surplus) debt ³ – end of period	(987)	6,926
Weighted average shares outstanding ⁴		
Basic and diluted	83,080,417	70,245,489
Outstanding shares ⁴ - end of period	83,087,143	83,059,643

Notes:

¹ Canadian 2014 results only include results for the six months ended December 31, 2014 as all properties were in the exploration stage prior to July 1, 2014. Trinidad comparative results are subsequent to the May 13, 2014 acquisition date.

² Average daily production and average realized prices include Canadian 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 through all commodity cycles. As a result, production volumes in Trinidad declined based on reduced operating and capital investment. Touchstone remains focused on developing our core Trinidad resources, as we completed or recompleted 28 wells in 2015. Despite a decrease in realized oil prices and production, we exited 2015 with a year-end net surplus position of \$987,000. The decrease in net debt from the prior year was primarily based on three Canadian asset dispositions that closed in 2015 for total cash proceeds of \$8,500,000.

Production volumes averaged 1,756 bbls/d during the year December 31, 2015 (100% oil). Trinidad and Canadian petroleum sales averaged 1,600 bbls/d and 156 bbls/d, respectively, representing a combined increase of 13% from 2014. Touchstone responded to the continued weakness in oil prices by decreasing capital spending to \$4,817,000 in 2015 from \$34,965,000 in 2014. The 2015 expenditures were mainly on Trinidad based recompletions and exploration costs and represented a decrease of 86% from prior year capital spending.

Funds flow from operations for the year ended December 31, 2015 was \$2,908,000 (\$0.04 per basic share) versus funds flow from operations of \$390,000 (\$0.01 per basic share) recognized in the prior year. Funds flow increased from 2014 due to a full year of Trinidad operations and decreased Canadian based operating losses. Due to \$38,142,000 in non-cash impairments, we recorded a net loss of \$22,147,000 (\$0.27 per basic share) during the year ended December 31, 2015. The impairment charges, mainly attributed to all Trinidad producing properties, was the result of sustained declines in forecasted short and long-term crude oil pricing.

Touchstone's current bank loan borrowing base is US\$9,000,000, of which US\$6,000,000 is dedicated to a letter of credit, US\$2,000,000 is drawn and US\$1,000,000 is currently available. The previously disclosed interim reductions to the borrowing base subsequent to December 31, 2015 are subject to a semi-annual borrowing base redetermination scheduled on April 1, 2016, which will incorporate the Company's December 31, 2015 independent reserves evaluation. There can be no certainty as to the ability of the Company to successfully restructure its credit facility or obtain new financing should low crude oil prices persist. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long-term viability.

2016 Outlook

Touchstone will continue to apply a prudent approach to capital expenditures, as we remain focused on cash flow preservation and balance sheet flexibility. Touchstone will not proceed with capital expenditures that have no immediate economic value at current price levels. We continue to have significant future growth potential with shut-in production and a large inventory of low risk development locations, but a majority of that potential will continue to be deferred until oil prices rebound. Touchstone's 2016 work obligations include the drilling of five development wells on our Trinidad concessions. We have restricted discretion over the timing of these commitments, and will schedule these operations as permitted by the terms of our Trinidad operating agreements.

Building on operating and general and administrative cost reductions achieved in 2015, we are continuing to actively pursue cost reductions to our fixed cost base. Subsequent to December 31, 2015, we closed the sale of our Kerrobert facility, which immediately eliminated operating losses and will allow for future general and administrative cost reductions.

Advisories

Oil and Natural Gas Reserves: The reserves information presented in this press is from reports prepared by Touchstone's independent reserves evaluator, GLJ Petroleum Consultants Ltd. ("GLJ"), dated March 8, 2016 with an effective date of December 31, 2015 and dated March 11, 2015 with an effective date of December 31, 2014. 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, 2015 reserves

presented are based on GLJ's forecast pricing and estimated costs effective January 1, 2016, and December 31, 2014 reserves presented are based on GLJ's forecast prices and estimates of future costs as at January 1, 2015. Additional reserves information as required under NI 51-101 will be included in the Company's Annual Information Form which will be filed on SEDAR on or before March 30, 2016. 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.

Trinidad Finding and Development Costs: Trinidad based finding and development costs have been presented herein. Trinidad based finding and development costs are the sum of total Trinidad segment 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. Reserve additions are calculated as the change in reserves from the beginning to the end of the applicable period excluding period production. 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. Finding and development costs do not have a standardized meaning and may not be comparable to similar measures presented by other companies. The Company uses finding and development costs as a measure of the efficiency of its overall capital program. Management uses finding and development cost 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 press release, should not be relied upon for investment or other purposes.

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 revenue and realized gains/losses on derivative contracts. Funds flow netbacks are presented on a per barrel basis and are calculated by deducting royalties, operating expenses, general and administrative expenses, net cash finance expenses and current income tax expenses from petroleum revenue and realized gains/losses on derivative contracts. Net cash finance expenses include all cash finance expenses incurred during a period and exclude the amortization of prepaid bank loan fees. Net surplus/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 over time.

Forward-Looking Statements: Certain information provided in this news release may constitute forward-looking statements within the meaning of applicable securities laws. 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, plans related to and the timing of certain projects and the Company's upcoming credit facility borrowing base redetermination. 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 Annual Information Form dated March 30, 2015 which has been filed on SEDAR and can be accessed at www.sedar.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 to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

About Touchstone

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. The Company's common shares are traded on the Toronto Stock Exchange under the symbol "TXP".

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