



TOUCHSTONE EXPLORATION ANNOUNCES FIRST QUARTER 2024 FINANCIAL AND OPERATING RESULTS AND PROVIDES AN OPERATIONAL UPDATE

CALGARY, ALBERTA (May 14, 2024) - Touchstone Exploration Inc. ("Touchstone", "we", "our" or the "Company") (TSX, LSE: TXP) reports its financial and operating results for the three months ended March 31, 2024 and provides an operational update.

Selected financial information is outlined below and should be read in conjunction with our March 31, 2024 unaudited interim condensed consolidated financial statements and related Management's discussion and analysis, both of which will be available under our profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com). Unless otherwise stated, all financial amounts presented herein are rounded to thousands of United States dollars, and all production volumes disclosed herein are sales volumes based on Company working interest before royalty burdens.

Paul R. Baay, President and Chief Executive Officer, commented:

"We are pleased to announce positive first quarter 2024 results during what has been a very busy time for the Company. Since coming onstream in September 2023, the Cascadura field has transformed Touchstone both operationally and financially, having contributed an estimated \$20 million in operating netbacks, ahead of tying in the two further successfully drilled development wells from the surface location. Initial decline rates on our two producing Cascadura wells have been steeper than we first expected but we are learning more about the reservoir for further exploitation. We are maintaining our full year guidance given production increases are heavily weighted towards the fourth quarter of 2024.

As announced on May 1, 2024, we were delighted to reach an agreement with the Board of Directors of Trinity Exploration and Production Plc on the terms of a recommended all-share acquisition. We believe the benefits of the proposed transaction will provide further scale and strength to Touchstone in addition to growth opportunities that will be driven by the increased production of the two companies. We are excited at the greater flexibility such a deal would give us around future capital programs, in addition to allowing us to potentially accelerate our development plans.

We look forward to updating shareholders on our ongoing operating and corporate workstreams in due course."

First Quarter 2024 Financial and Operating Highlights

- Achieved average quarterly production of 7,015 boe/d (80 percent natural gas), representing a 228 percent increase from first quarter 2023 average production volumes of 2,139 boe/d (40 percent natural gas). First quarter 2024 production decreased by 18 percent relative to 8,504 boe/d produced in the fourth quarter of 2023 (79 percent natural gas), mainly reflecting natural declines from our Cascadura field.
- Realized petroleum and natural gas sales of \$16,584,000 (Q4 2023 - \$20,759,000).
 - Cascadura field production volumes in the quarter contributed \$6,961,000 of net natural gas sales at an average realized price of \$2.49 per Mcf and \$1,657,000 of net NGL sales at an average realized price of \$69.59 per barrel.
 - Natural gas production from the Coho-1 well averaged net volumes of 2.8 MMcf/d (460 boe/d) in the quarter and contributed \$542,000 of net natural gas sales at an average realized price of \$2.16 per Mcf.
 - Crude oil production from our legacy fields contributed \$7,424,000 of net sales at an average realized price of \$69.95.
- Generated an operating netback of \$10,463,000, a 24 percent decrease from the fourth quarter of

2023, primarily due to decreased natural gas and NGL sales volumes.

- Achieved quarterly funds flow from operations of \$6,142,000 in the first quarter of 2024 compared to \$10,489,000 in the preceding quarter.
- Delivered net earnings of \$3,628,000 (\$0.02 per basic and diluted share).
- \$11,962,000 in quarterly capital investments primarily focused on expenditures directed towards one CO-1 crude oil development well and two Cascadura development wells, and progressing construction on the flowline from the Cascadura C surface location to the Cascadura natural gas processing facility.
- Exited the first quarter of 2024 with a cash balance of \$9,537,000 and a net debt position of \$27,621,000, resulting in a reduced net debt to annual funds flow from operations ratio of 1.45 times.

Post Period-end Highlights

- Successfully drilled and cased the CO-375 development on our CO-1 block, with openhole logs and drilling data indicating a sand thickness of approximately 530 feet in the Forest Formation and approximately 625 feet in the Cruse Formation.
- On April 18, 2024 we executed a third amended and restated loan agreement with our existing lender providing for an additional \$13 million of bank debt capacity, which will be used to finance our previously announced initial 2024 capital program.
- On May 1, 2024, we announced that we reached an agreement with the Board of Directors of Trinity Exploration and Production Plc on the terms of a recommended all-share acquisition.

First Quarter 2024 Financial and Operating Results Overview

	Three months ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Operational			
Average daily production			
Crude oil ⁽¹⁾ (bbls/d)	1,166	1,133	1,285
NGLs ⁽¹⁾ (bbls/d)	262	622	-
Crude oil and liquids ⁽¹⁾ (bbls/d)	1,428	1,755	1,285
Natural gas ⁽¹⁾ (Mcf/d)	33,521	40,491	5,124
Average daily production (boe/d) ⁽²⁾	7,015	8,504	2,139
Average realized prices ⁽³⁾			
Crude oil ⁽¹⁾ (\$/bbl)	69.95	72.26	64.86
NGLs ⁽¹⁾ (\$/bbl)	69.59	72.92	-
Crude oil and liquids ⁽¹⁾ (\$/bbl)	69.88	72.49	64.86
Natural gas ⁽¹⁾ (\$/Mcf)	2.46	2.43	2.12
Realized commodity price (\$/boe) ⁽²⁾	25.98	26.53	44.03
Production mix (% of production)			
Crude oil and liquids ⁽¹⁾	20	21	60
Natural gas ⁽¹⁾	80	79	40
Operating netback (\$/boe) ⁽²⁾			
Realized commodity price ⁽³⁾	25.98	26.53	44.03
Royalties ⁽³⁾	(5.76)	(5.53)	(13.01)
Operating expenses ⁽³⁾	(3.83)	(3.46)	(12.05)
Operating netback ⁽³⁾	16.39	17.54	18.97

	Three months ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Financial (\$000's except per share amounts)			
Petroleum and natural gas sales	16,584	20,759	8,476
Cash from operating activities	5,369	8,512	913
Funds flow from operations	6,142	10,489	803
Net earnings (loss)	3,628	(21,236)	(279)
Per share – basic and diluted	0.02	(0.09)	(0.00)
Exploration capital expenditures	108	595	8,750
Development capital expenditures	11,854	591	269
Capital expenditures ⁽³⁾	11,962	1,186	9,019
Working capital deficit ⁽³⁾	14,121	7,581	4,383
Principal long-term balance of bank debt	13,500	15,000	19,500
Net debt ⁽³⁾ – end of period	27,621	22,581	23,883
Share Information (000's)			
Weighted average shares outstanding – basic	234,213	233,487	233,037
Weighted average shares outstanding – diluted	236,548	233,487	233,037
Outstanding shares – end of period	234,213	234,213	233,037

Notes:

- (1) Refer to "Advisories - Product Type Disclosures" for further information.
- (2) 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. Refer to "Advisories - Oil and Natural Gas Measures" for further information.
- (3) Non-GAAP financial measure. See the "Advisories - Non-GAAP Financial Measures" for further information.

Outlook and Guidance

Our 2024 capital program is progressing as planned, with four of the six wells in the program successfully drilled and cased. Road and pipeline construction to tie-in our two recently drilled Cascadura development wells to our natural gas facility is progressing and we expect the infrastructure will complete prior to the end of the third quarter of 2024.

Although Cascadura field production has declined higher than originally anticipated, we currently forecast to maintain our preliminary 2024 guidance announced on December 19, 2023. The material forecasted 2024 production increase is expected to be weighted to the fourth quarter of 2024 based on estimated initial production from our two recently drilled Cascadura development wells. Management will update its 2024 guidance for the proposed acquisition of Trinity Exploration and Production Plc if and when appropriate.

Operational Update

Cascadura

The Cascadura field produced approximately 5,388 boe/d (95 percent natural gas) in the first quarter of 2024, representing 77 percent of our total quarterly net production. Since initial production in September 2023 through March 31, 2024, our Cascadura-1ST1 and Cascadura Deep-1 wells have cumulatively produced approximately 8.77 Bcf of gross natural gas volumes (net - 7.02 Bcf) and over 121,000 barrels of gross NGLs (net - 97,000 barrels) in 208 total days. Over the same period, the field has contributed a net operating netback of approximately \$19.96 million.

During the first seven-months of production we have continually monitored and optimized natural gas rates from the two Cascadura wells. In the Cascadura-1ST1 well, we replaced the original choke valve with a larger valve. In the Cascadura Deep-1 well, we ran a production logging tool to indicate the source of gas within the wellbore and we added perforations above and below the original completion interval which

marginally increased production. Both Cascadura-1ST1 and Cascadura Deep-1 continue to produce through surface chokes to control pressure.

Production in the first quarter of 2024 was impacted by natural declines as well as approximately six days of downtime in the Cascadura Deep-1 well associated with the operations noted above. Based on our analysis to date, including higher than expected initial decline rates as compared to pre-production models, the wells are exhibiting a dual porosity/permeability system which indicate that production is derived from both sand porosity/permeability as well as a fracture porosity system. A fracture porosity system can deliver high initial production rates and pressure which can decline quickly while sand matrix porosity/permeability may deliver at lower production rates for longer periods of time.

Given the nature of the production, and the apparent influences of natural fractures in the structure, we have commenced a feasibility study to determine the potential benefits of a stimulation program to optimize natural gas and associated liquids recovery from the wells.

CO-1 Drilling Operations

The CO-375 development well, located on our CO-1 block, was spud on April 3, 2024 and reached a total depth of 6,500 feet on April 30, 2024. The Forest Formation, which was the secondary target, was observed at a depth of 2,805 feet and the primary Cruse Formation target was encountered at a depth of 4,598 feet. Drilling samples and openhole wireline logs indicated the presence of sands in both formations. The Forest Formation indicated 530 feet of sand, with approximately 250 feet of net hydrocarbon pay. Similarly, the Cruse Formation indicated 625 feet of sand, with an estimated 240 feet of net hydrocarbon pay. The well has been cased in preparation for oil production and the drilling rig has been released.

The completion rig was mobilized to the surface location and completion operations are underway on the CO-374 well, following which the CO-375 well will be completed. We expect that both development wells will be online by the end of May 2024.

Production

In April 2024, we produced average net volumes of 5,940 boe/d as follows:

- Cascadura field contributed net sales volumes of 4,360 boe/d consisting of:
 - natural gas sales volumes of 25.4 MMcf/d or 4,226 boe/d with a realized price of \$2.51 per Mcf; and
 - natural gas liquids volumes of 134 bbls/d with an average realized price of \$76.12 per barrel;
- Coho net average natural gas sales volumes were 2.6 MMcf/d or 426 boe/d at a realized price of \$2.28 per Mcf (excluding third party processing fees); and
- average net daily crude oil sales volumes were 1,154 bbls/d with an average realized price of \$76.12 per barrel.

2024 Annual Meeting of Shareholders

Touchstone's virtual-only Annual Meeting of Shareholders (the "Meeting") will be held on Wednesday, June 19, 2024 at 10:30 a.m. (Mountain time).

Registered and beneficial shareholders will be mailed a notice-and-access notification and form of proxy on or around May 17, 2024, advising as to the electronic availability of the Meeting materials, including the 2024 Management Information Circular, the 2023 audited consolidated financial statements and related Management's discussion and analysis.

For holders of our depository interests, hard copies of our Management Information Circular and form of direction will be mailed on or about May 17, 2024.

Subsequent to the mailing date, the Meeting materials will be available on our website (www.touchstoneexploration.com/investors/shareholder-meetings) and under our profile on SEDAR+ (www.sedarplus.ca).

Management Update

As Touchstone continues to pursue its growth strategy and operations are becoming engineering intensive, Touchstone is pleased to announce that Mr. Brian Hollingshead has been promoted to Executive Vice President, Engineering and Business Development. In addition to joining our executive team, Mr. Hollingshead will oversee our production, engineering and facilities departments. In conjunction, Mr. James Shipka's title has been amended from Chief Operating Officer to Executive Vice President, Asset Development and HSE, where he will continue to lead our HSE, drilling and subsurface teams.

Touchstone Exploration Inc.

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 or contact:

Mr. Paul Baay, President and Chief Executive Officer
Mr. Scott Budau, Chief Financial Officer
Mr. James Shipka, EVP Asset Development and HSE
Telephone: 403.750.4487

Advisories

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 preliminary 2024 guidance; the anticipated increase in 2024 annual average production from 2024 capital spending and the cash flows therefrom; anticipated timing of developmental and exploration drilling production; expected drilling activities, including locations and the timing thereof; anticipated timing of well tie-in operations and production coming online; expectations that proceeds from the Company's amended loan agreement will be able to fully finance its 2024 capital program; the Company's proposed acquisition of Trinity Exploration and Production Plc, including the Company's expectation that the proposed acquisition will close under the announced terms, the timing thereof, and the benefits to be derived from the proposed acquisition; the quality and quantity of prospective hydrocarbon accumulations based on openhole wireline logs and drilling data, including the Company's interpretations thereof; expected completion activities, including locations and the timing thereof and the expected timing of production therefrom; the Company's expectation of

conducting future well optimization activities; 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.

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 preliminary 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 made 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 herein, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained herein 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. The actual results of the Company's operations and the resulting financial results will vary from the amounts set forth herein and such variations may be material.

For further information regarding Touchstone's preliminary 2024 guidance and the related advisories thereto, refer to the Company's news release dated December 19, 2023 entitled "*Touchstone Announces 2024 Capital Budget, Preliminary 2024 Guidance and an Operational Update*" and the Company's most recent Management's discussion and analysis for the three months ended March 31, 2024 accompanying our March 31, 2024 unaudited interim condensed consolidated financial statements. For further information regarding the Company's proposed Acquisition of Trinity Exploration and Production Plc and the related advisories thereto, please refer refer to the Company's news release dated May 1, 2024 entitled "*Touchstone Exploration Announces Acquisition of Trinity Exploration and Production PLC*" and the Rule 2.7 Announcement. All of the above referenced documents are available online on our SEDAR+ profile (www.sedarplus.ca) and website (www.touchstoneexploration.com).

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 2023 Annual Information Form dated March 20, 2024 which will be available under the Company's profile on SEDAR+ (www.sedarplus.ca) and on the Company's website (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.

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 Accounting 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.

Funds flow from operations

Funds flow from operations is included in the Company's consolidated statements of cash flows. Touchstone considers funds flow from operations to be a key measure of operating performance as it demonstrates the Company's ability to generate the funds necessary to finance capital expenditures and repay debt. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow from operations provides a useful measure of the Company's ability to generate cash that is not subject to short-term movements in non-cash operating working capital.

Operating netback

Touchstone uses operating netback as a key performance indicator of field results. The Company considers operating netback to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices and assists Management and investors with evaluating operating results on a historical basis. Operating netback is a non-GAAP financial measure calculated by deducting royalties and operating expenses from petroleum and natural gas sales. The most directly comparable financial measure to operating netback disclosed in the Company's consolidated financial statements is petroleum and natural gas revenue net of royalties. Operating netback per boe is a non-GAAP ratio calculated by dividing the operating netback by total production volumes for the period. Presenting operating netback on a per boe basis allows Management to better analyze performance against prior periods on a comparable basis.

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 asset base.

Working capital and net debt

Working capital and net debt are capital management measures used by Management to monitor the Company's capital structure to evaluate its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated by subtracting current liabilities from current assets as they appear on the applicable consolidated balance sheet. Net debt is 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.

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 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.

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

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.

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 months ended March 31, 2024 accompanying our March 31, 2024 unaudited interim condensed consolidated financial statements, both of which will be available on our website (www.touchstoneexploration.com) and under our SEDAR+ profile (www.sedarplus.ca).

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.

Product Type Disclosures

This news release includes references to crude oil, NGLs, natural gas, and average daily production volumes. Under National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), disclosure of production volumes should include segmentation by product type as defined in the instrument. In this MD&A, 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, all as defined in the instrument. In addition, references to "crude oil and liquids" herein include crude oil and NGLs.

For information regarding specific 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 months ended March 31, 2024 accompanying our March 31, 2024 unaudited interim condensed consolidated financial statements, both of which will be available on our website (www.touchstoneexploration.com) and under our SEDAR+ profile (www.sedarplus.ca).

Abbreviations

The following abbreviations are referenced in this news release:

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