



TOUCHSTONE ANNOUNCES 2015 THIRD QUARTER RESULTS AND ELIMINATION OF NET DEBT; UPDATES TRINIDAD ACQUISITION

Calgary, Alberta – November 13, 2015 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX: TXP) announces its financial and operating results for the three and nine months ended September 30, 2015. Selected financial and operational information is outlined below and should be read in conjunction with Touchstone’s September 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 September 30, 2015 (“third quarter”), Touchstone reported:

- A decrease in net debt of \$5,716,000 from \$5,755,000 reported in the prior quarter to \$39,000.
- Average oil sales of 1,638 barrels per day (“bbls/d”), 1,538 bbls/d produced in Trinidad and 100 bbls/d produced in Canada (100% oil). Combined quarterly production decreased 8% from the prior quarter.
- Funds flow from operations of \$313,000 (\$0.01 per basic share) compared to funds flow from operations of \$762,000 (\$0.01 per basic share) in the prior quarter. The Company generated year to date funds flow from operations of \$1,500,000 (\$0.02 per basic share) versus a loss of \$1,857,000 ((\$0.03) per basic share) realized in the comparative 2014 period.
- Trinidad operating netbacks of \$3,985,000 (\$28.16 per barrel) which offset Canadian operating netback losses of \$437,000 ((\$47.41) per barrel). Company third quarter operating netbacks were \$3,548,000 or \$23.54 per barrel, which represented a decrease of 40% from the prior year comparative quarter and an increase of 4% from the prior quarter.
- The disposition of our Dawson, Alberta exploration property for cash proceeds of \$2,100,000 and the disposition of undeveloped land in Beadle, Saskatchewan for cash proceeds of \$4,200,000.

Financial and Operating Results

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014 ¹	2015	2014 ¹
Operating				
Average daily oil production (bbls/day)				
Trinidad	1,538	1,830	1,634	894
Canada	100	438 ²	184	406 ²
Company total	1,638	2,268 ²	1,818	1,300 ²
Average oil prices before derivatives (C\$/bbl)				
Trinidad	57.11	95.66	60.86	98.25
Canada	42.86	77.49 ²	40.37	78.44 ²
Company total	56.24	92.15 ²	58.78	92.06 ²
Trinidad operating netback ³ (C\$/bbl)				
Reference price – Brent	65.94	110.92	69.56	116.59
Petroleum revenue	57.11	95.66	60.86	98.25
Royalties	(18.26)	(29.73)	(19.09)	(31.84)
Net revenue	38.85	65.93	41.77	66.41
Realized gain on derivatives	12.91	-	8.59	-
Operating costs	(23.60)	(22.80)	(22.52)	(29.33)
Operating netback	28.16	43.13	27.84	37.08
Canada operating netback ³ (C\$/bbl)				
Reference price – WTI	60.85	106.52	64.04	109.36
Petroleum revenue	42.86	79.43	40.37	79.43
Royalties	(15.08)	(4.48)	(6.72)	(4.48)
Net revenue	27.78	74.95	33.65	74.95
Operating costs	(75.19)	(53.94)	(53.57)	(53.94)
Operating netback	(47.41)	21.01	(19.92)	21.01
Financial (\$000's except share and per share amounts)				
Funds flow from operations ³				
Trinidad	1,244	5,244	5,956	5,238
Canada	(931)	(980)	(4,456)	(7,095)
Company total	313	4,264	1,500	(1,857)
Per share – basic and diluted ^{3,4}	0.01	0.05	0.02	(0.03)
Net loss	(12,666)	(6,690)	(22,299)	(7,906)
Per share – basic and diluted ⁴	(0.15)	(0.08)	(0.27)	(0.12)
Capital expenditures				
Exploration assets	154	1,544	633	10,631
Property and equipment	679	6,141	2,994	13,870
Company total	833	7,685	3,627	24,501
Total assets - end of period			101,564	192,637
Net debt (surplus) ³ - end of period			39	(1,570)
Weighted average shares outstanding ⁴				
Basic and diluted	83,080,866	82,844,988	83,078,150	65,927,167
Outstanding shares ⁴ - end of period			83,087,143	83,059,643

¹During 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.

²Average daily production and average realized prices include exploration property results.

³See "Non-GAAP Measures."

⁴All 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 has focused on operational initiatives to ensure the sustainability and future profitability of the Company through all commodity cycles. As a result, production volumes in Canada and Trinidad have declined based on reduced operating and capital investment. We remain focused on developing our core Trinidad resources, as we recompleted seven Trinidad wells in the third quarter and performed nineteen Trinidad recompletions through September 30, 2015. Despite a decrease in realized oil prices and production, the Company maintained balance sheet strength with third quarter net debt of \$39,000. The decrease in net debt was primarily based on two previously announced dispositions that closed in the third quarter for total cash proceeds of \$6,300,000 prior to adjustments.

Production volumes averaged 1,638 bbls/d during the three months ended September 30, 2015. Trinidad and Canadian petroleum sales averaged 1,538 bbls/d and 100 bbls/d, respectively, representing a combined decrease of 28% from the comparative 2014 quarter and a combined decrease of 8% from the 2015 second quarter. The Company responded to the continued weakness in oil prices with decreased capital spending, as \$3,627,000 in capital expenditures were incurred during the nine months ended September 30, 2015. The expenditures were mainly on Trinidad based recompletions and exploration costs and represented a decrease of 85% from the prior year comparative period spending.

Funds flow from operations for the three months ended September 30, 2015 was \$313,000 (\$0.01 per basic share) versus funds flow from operations of \$762,000 (\$0.01 per basic share) in the prior quarter. Funds flow decreased from the prior quarter due to \$499,000 in third quarter non-recurring severance charges. Trinidad operations generated funds flow from operations of \$1,244,000, offsetting decreased Canadian funds flow losses of \$931,000. On a year to date basis, funds flow from operations was \$1,500,000 (\$0.02 per basic share) versus a loss of \$1,857,000 ((\$0.03) per basic share) realized in the comparative 2014 period. Due to \$31,036,000 in non-cash impairments, the Company recorded a net loss of \$12,666,000 during the three months ended September 30, 2015. The impairment charge, attributed to all Trinidad producing properties, was the result of sustained declines in forecasted short and long-term crude oil pricing. Crude oil prices and foreign exchange rates used in the Company's internal impairment analysis were based on forecasts by the Company's independent reserve evaluator as at October 1, 2015.

Touchstone is pleased to announce that the Company entered into an agreement subsequent to September 30, 2015 to dispose of our 70% working interest in the East Brighton offshore block for a 3.5%, non-convertible, no deductions gross overriding royalty on future production. At September 30, 2015, the property had a carrying value of \$nil and associated decommissioning obligations of \$1,384,000. The Company's US\$6,000,000 letter of credit related to the block will be cancelled upon closing of the disposition. The remaining condition of closing relates to government approval of the assignment of the license, which is expected to occur prior to the end of the year.

The Company received notice from its lender that per its October 1, 2015 scheduled redetermination, the borrowing base of the Company's bank loan was reduced from US\$15,000,000 to US\$13,000,000 effective October 28, 2015, with a further reduction to US\$12,000,000 effective November 30, 2015. The revised US\$12,000,000 borrowing base will continue until the next scheduled borrowing base redetermination on April 1, 2016.

Trinidad Asset Acquisition

Shortly after we announced the planned acquisition of additional Trinidad onshore assets for total cash consideration of US\$20,800,000 before adjustments, the Company engaged GLJ Petroleum Consultants Ltd. ("GLJ") to perform an evaluation of the crude oil reserves associated with the five blocks. The following information is effective September 30, 2015 based upon GLJ's October 1, 2015 oil price and foreign exchange forecasts. The recovery and reserve estimations of the crude oil reserves 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 these estimates provided herein. The line items headed "Net present value before/after tax" represent estimates of the net present value of future net revenue before/after income taxes and such estimates do not represent fair market value. The estimates of reserves and future net revenue for these individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all the Company's properties in Trinidad, due to the effects of aggregation. All figures are in thousands of Canadian dollars unless otherwise indicated.

	Proved Producing	Total Proved	Total Proved Plus Probable
Gross oil reserves (Mbbbl)	3,305	4,119	5,897
Net oil reserves (Mbbbl)	1,792	2,414	3,528
0% Net present value before tax (\$000's)	82,272	107,889	175,123
10% Net present value before tax (\$000's)	57,707	66,920	97,631
15% Net present value before tax (\$000's)	44,745	56,161	79,413
20% Net present value before tax (\$000's)	38,994	48,732	66,792
0% Net present value after tax (\$000's)	30,096	39,910	62,188
10% Net present value after tax (\$000's)	19,700	24,239	34,752
15% Net present value after tax (\$000's)	16,869	20,256	28,269
20% Net present value after tax (\$000's)	14,804	17,352	23,698
Acquisition costs, excluding FDC (\$/bbl)	8.43	6.76	4.72
Acquisition costs, including FDC (\$/bbl)	8.48	10.29	8.31

The above reserves are evaluated on a standalone basis. The Company expects after tax cash flows from the acquisition assets to be materially different on a combined basis due to positive Trinidad tax synergies.

October sales volumes for the assets were 1,623 bbls/day with field estimated production of 1,490 bbls/day. Based on October sales volumes, the acquisition has the following per barrel flowing metrics:

- \$17,166 per barrel excluding future development capital ("FDC");
- \$26,118 per barrel on a total proved basis including FDC; and
- \$30,188 per barrel on a proved plus probable basis including FDC.

The Company expects to initially fund the acquisition with debt. Accordingly, the reserves evaluation has been provided to its lender which will be used to determine future lending value.

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 International Financial Reporting Standards 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 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, transaction costs, net cash finance expenses and current income tax expenses from petroleum sales and realized

gains/losses on derivative contracts. 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. This press release also includes information regarding the acquisition, expectations and assumptions concerning completion of the acquisition and financing therefor, and the benefits to be acquired therefrom including reserves, drilling, exploration and production potential, operating costs and other economics. For the purposes of this press release, the Company has assumed that the information received from the acquisition seller and other sources regarding production on the blocks is accurate, and that the Company's estimates of prospective drilling locations, synergistic savings and potential production results are reasonable. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties, including unexpected declines in production, expenses or costs associated with the acquisition beyond what is anticipated, unforeseen geophysical or geological structures, failing to complete the acquisition on terms that are acceptable to the Company or at all. 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.*

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

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