



TOUCHSTONE ENTERS INTO ESCROW ARRANGEMENTS FOR \$15 MILLION TERM LOAN

Calgary, Alberta – November 8, 2016 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX: TXP) announces that it has entered into escrow arrangements for a \$15 million, five-year term loan agreement (the “Term Loan”) from an investment fund managed by Crown Capital Partners Inc. (“Crown”) (TSX: CRN). The Term Loan is expected to become effective prior to November 30, 2016 once all conditions precedent have been met, which include the completion of security interest filings in Trinidad and Barbados and the receipt of regulatory approvals in Trinidad. The Term Loan is intended to replace Touchstone’s existing credit facility. The proceeds will be used to cash collateralize the US\$6 million letter of credit currently secured by the Company’s credit facility and for general corporate purposes.

The Term Loan matures 60 months from the closing date with no mandatory repayment of principal until 24 months. The Term Loan bears a fixed interest rate of 8% per annum, compounded and payable quarterly in arrears from January 1, 2017. The Term Loan also grants Crown a 1% gross overriding royalty on petroleum sales (the “Royalty”) from current Company land holdings in Trinidad during the loan term. By way of illustration, the estimated Royalty that would have been payable with respect to the three-month period ending September 30, 2016 is approximately \$61,700. The Term Loan and the Company’s obligations in respect of the Royalty will be principally secured by fixed and floating security interests over all present and after acquired assets of the Company and its subsidiaries. The Term Loan contains quarterly financial covenants, including the maintenance of a maximum net debt to earnings (before interest, taxes, and non-cash items) ratio, minimum earnings (before interest, taxes, and non-cash items), a maximum net funded debt to shareholders’ equity ratio, and an initial minimum cash reserve balance. In addition, Touchstone has the ability to prepay the Term Loan after 18 months and has the option to buy out all of the future Royalty obligations if the Term Loan balance is prepaid in full.

Paul Baay, President and Chief Executive Officer, said “the Crown Capital financing provides us the financial flexibility to focus on the development of our onshore Trinidad assets and to immediately commence a recompletion program.”

Touchstone plans to commence a 10 well recompletion program during November and December 2016 that will include a number of wells in the Coora Block, as well as in the Forest Reserve WD-8 and Grand Ravine WD-4 Blocks. The recompletions will focus on perforating new zones in existing well bores to access reserves that have not previously produced.

In addition, Touchstone is commencing a high volume lift pilot project on the Company’s 100% working interests wells which are currently producing from the Herrera Formation on the Sunty property. This property was targeted for the pilot project to capitalize on the Herrera Formation’s exceptional reservoir characteristics and to optimize production from wells with consistently high fluid levels but relatively low pressures. If successful, the project may lead to additional opportunities throughout the Company’s production portfolio.

The Company is also pleased to announce that it has secured additional freehold acreage in the Mandingo area of southern Trinidad. The property includes five standing cased wells and one flowing oil well. The Company intends to focus on optimizing the existing production and evaluate recompletion opportunities in the existing wellbores.

The Company entered into an agreement on October 1, 2015 to dispose of its 70% working interest in the East Brighton offshore block. The transaction failed to close as the agreement expired on September 16, 2016. The Company continues to seek a purchaser for the asset and is currently communicating with a number of interested parties. In addition, Touchstone is currently negotiating a reduction of the US\$6 million security amount based on the decrease of capital cost estimates to perform the license work commitments.

Prior to the effective date of the Term Loan, Touchstone continues to operate under its existing credit facility, of which the principal balance is \$nil and the US\$6,000,000 borrowing base is fully restricted by a letter of credit securing the Company's East Brighton offshore concession. The Company breached its September and October 2016 monthly production covenants and has failed to pay a US\$1,000,000 collateralization payment due September 30, 2016. To date, the lender has elected not to enforce its remedies in connection with the breaches in light of the Term Loan. Each breach of a credit facility covenant allows the lender to demand funds to collateralize the letter of credit balance or negotiate revisions to existing covenants. No assurance can be given that the lender will continue to not enforce its contractual remedies relating to the existing covenant breaches which could result in a material adverse impact to the Company's liquidity position and cash flows.

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. Touchstone is one of the largest independent onshore oil producers in Trinidad, with assets in several large, high-quality reservoirs that have significant total petroleum initially-in-place and an extensive inventory of low-risk development opportunities. The Company currently has interests in over 59,000 working interest acres of exploration and development rights on 22 properties, 11 of which are currently producing. The Company's common shares are traded on the Toronto Stock Exchange under the symbol "TXP".

Advisory Regarding Forward-Looking Statements

Certain information provided in this news release may constitute forward-looking statements within the meaning of applicable securities laws. Specifically, this news release contains forward-looking statements relating to the expected use of proceeds, closing and the timing of closing the Term Loan and plans related to and the timing of undertaking the recompletion program. 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 24, 2016 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 update publicly or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

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