



TOUCHSTONE ANNOUNCES THIRD QUARTER 2016 RESULTS AND RESIGNATION OF DIRECTOR

Calgary, Alberta – November 10, 2016 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX: TXP) announces its financial and operating results for the three and nine months ended September 30, 2016. Selected financial and operational information is outlined below and should be read in conjunction with Touchstone’s September 30, 2016 unaudited interim consolidated financial statements and management discussion and analysis, both of which 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.

2016 Third Quarter Highlights

- Achieved average crude oil sales of 1,276 barrels per day, representing a decrease of 3% from the second quarter of 2016 and a decrease of 22% from the third quarter of 2015.
- Realized Trinidad operating netbacks before hedging of \$2,232,000 (\$19.02 per barrel), representing an increase of 14% from the second quarter of 2016 and an increase of 3% from the prior year comparative quarter.
- Reduced per barrel operating expenses by 2% and 17% from the second quarter of 2016 and the third quarter of 2015, respectively.
- Generated funds flow from operations of \$1,567,000 (\$0.02 per basic share) compared to \$3,278,000 (\$0.04 per basic share) recognized in the prior quarter and \$313,000 (\$0.01 per basic share) recognized in the third quarter of 2015.
- Recorded a net loss of \$702,000 (\$0.01 per basic share) versus a net loss of \$2,553,000 (\$0.03 per basic share) in the second quarter of 2016 and a net loss of \$12,666,000 (\$0.15 per basic share) recognized in the prior year comparative quarter.

2016 Third Quarter and Year to Date Financial and Operating Results Summary

	Three months ended September 30,		Nine months ended September 30,	
	2016 ²	2015	2016 ²	2015
Operating				
Average daily oil production (barrels per day)				
Trinidad	1,276	1,538	1,319	1,634
Canada	-	100	-	184
Company total	1,276	1,638	1,319	1,818
Average realized oil prices before hedging (\$ per barrel)				
Trinidad	52.56	57.11	46.89	60.86
Canada	-	42.86	-	40.37
Company total	52.56	56.24	46.89	58.78
Operating netback ¹ (\$000's)				
Petroleum revenue	6,169	8,476	16,952	29,181
Royalties	(1,630)	(2,722)	(4,692)	(8,856)
Operating expenses	(2,307)	(4,032)	(7,764)	(12,740)
Operating netback prior to hedging	2,232	1,722	4,496	7,585
Realized gain on derivatives	-	1,826	6,462	3,833
Operating netback after hedging	2,232	3,548	10,958	11,418

¹Refer to advisory regarding non-GAAP measures.

²Effective December 31, 2015, the Company disposed of its remaining Canadian segment producing oil and gas assets.

	Three months ended September 30,		Nine months ended September 30,	
	2016 ²	2015	2016 ²	2015
Operating netback ¹ (\$ per barrel)				
Brent benchmark price	59.75	65.94	55.07	69.56
Discount	(7.19)	(9.70)	(8.18)	(10.78)
Realized sales price	52.56	56.24	46.89	58.78
Royalties	(13.89)	(18.06)	(12.98)	(17.84)
Operating expenses	(19.65)	(26.75)	(21.48)	(25.66)
Operating netback prior to hedging	19.02	11.43	12.43	15.28
Realized gain on derivatives	-	12.12	17.87	7.72
Operating netback after hedging	19.02	23.55	30.30	23.00
Financial (\$000's except share and per share amounts)				
Funds flow from operations ¹	1,567	313	5,764	1,500
Per share – basic and diluted ¹	0.02	0.01	0.07	0.02
Net loss	(702)	(12,666)	(5,699)	(22,299)
Per share – basic and diluted	(0.01)	(0.15)	(0.07)	(0.27)
Capital expenditures				
Exploration assets	847	154	1,476	633
Property and equipment	327	679	1,033	2,994
Company total	1,174	833	2,509	3,627
Total assets – end of period			72,550	101,564
Net debt ¹ – end of period			4,115	39
Weighted average shares outstanding				
Basic and diluted	83,137,143	83,080,866	83,116,705	83,078,150
Outstanding shares - end of period			83,137,143	83,087,143

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During the third quarter of 2016, Touchstone continued to curtail operational and capital expenditures with no major well workovers performed in the quarter. Production in Trinidad decreased based on natural declines and reduced operational spending, as production volumes averaged 1,276 barrels per day during the third quarter of 2016 which represented a decrease of 3% and 22% from Trinidad average daily volumes delivered in the second quarter of 2016 and the third quarter of 2015, respectively.

Trinidad realized third quarter 2016 pricing for crude oil was \$52.56 (US\$40.24) per barrel versus \$49.83 (US\$38.60) per barrel received in the second quarter of 2016 and \$57.11 (US\$43.88) received in the prior year comparative quarter. The Company continued to manage controllable costs, as third quarter operating expenses and general and administrative spending decreased by 5% and 31% from the second quarter of 2016, respectively. In comparison with the prior year comparative quarter, third quarter 2016 operating expenses and general and administrative expenditures decreased by 31% and 58%, respectively.

Touchstone generated funds flow from operations of \$1,567,000 (\$0.02 per basic share) in the third quarter of 2016, which included the effects of a non-recurring net income taxes payable reversal of \$819,000. This represented a decrease from the \$3,278,000 (\$0.04 per basic share) in funds flow from operations recorded in the second quarter of 2016, which was mainly attributable to \$3,316,000 generated from the June 2016 liquidation of the Company's hedge book. Funds flow from operations increased \$1,254,000 from the \$313,000 generated in the third quarter of 2015, primarily based on the effects of the net income tax reversal and decreased operational and administrative spending. The Company recorded a net loss of \$702,000 (\$0.01 per basic share) in the third quarter versus net losses of \$2,553,000 (\$0.03 per basic share) and \$12,666,000 (\$0.15 per basic share) recognized in the second quarter of 2016 and the prior year comparative quarter, respectively.

Touchstone exited the third quarter with no debt and a negative working capital position of \$4,115,000. As previously announced, the Company entered into escrow arrangements for a \$15,000,000, five-year term loan agreement to replace Touchstone's existing bank loan. The term loan will be released from escrow and the funds will be advanced upon satisfaction of conditions precedent, including security registrations in favour of the lender. The proceeds will primarily be used to cash collateralize the Company's US\$6,000,000 letter of credit currently secured by its existing credit facility. The term loan also requires that the Company maintain a minimum cash reserve balance of \$5,000,000 at inception, the amount of which can be reduced if the Company meets certain financial thresholds or raises additional equity.

Touchstone is moving forward with a 10 well recompletion program commencing mid-November that will focus on perforating new zones in existing well bores. The previously announced high volume lift project is anticipated to be completed and on production prior to the end of 2016.

Resignation of Director

Touchstone announces that Mr. Trevor Mitzel has resigned from the Company's Board of Directors (the "Board"), effective November 9, 2016.

The Board of Touchstone, comprised of Messrs. Paul R. Baay, Kenneth R. McKinnon, Corey C. Ruttan, Thomas E. Valentine, John D. Wright and Dr. Harrie Vredenburg, thank Mr. Mitzel for his contribution to the Company since its formation in 2010.

Mr. Mitzel was the Chair of the Board's Audit Committee and a member of its Compensation Committee. The Board of Touchstone will replace the sub-committee vacancies on an interim basis with a current Board member in due course.

Advisories

Non-GAAP Measures: This news 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, operating expenses and realized gains/losses on derivative contracts from petroleum revenue. Funds flow netbacks are presented on a per barrel basis and are calculated by deducting royalties, operating expenses, realized gains/losses on derivative contracts, general and administrative expenses, net cash finance expenses and current income tax expenses from petroleum revenue. 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 liabilities. 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 news release contains forward-looking statements relating to the expected use of proceeds, closing and the timing of closing the term loan, sufficiency of resources to fund operations and plans related to and the timing of certain projects. 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 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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