



## TOUCHSTONE ANNOUNCES SECOND QUARTER 2017 RESULTS

Calgary, Alberta – August 11, 2017 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX / LSE: TXP) announces its financial and operating results for the three months ended June 30, 2017 (the “second quarter”). Selected financial and operational information is outlined below and should be read in conjunction with Touchstone’s June 30, 2017 unaudited interim consolidated financial statements and related management’s discussion and analysis, both of which will be available under the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and the Company’s website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)). Unless otherwise stated, tabular amounts herein are in thousands of Canadian dollars, and amounts in text are rounded to thousands of Canadian dollars.

### 2017 Second Quarter Highlights

- Completed an admission and listing on the AIM market of the London Stock Exchange. In conjunction with the admission, the Company successfully placed 20,000,000 new common shares with United Kingdom investors for gross proceeds of \$2,446,000.
- Successfully drilled three wells and recompleted five wells.
- Achieved quarterly average crude oil sales of 1,334 barrels per day (“bbls/d”), representing an increase of 4% from the first quarter of 2017.
- Realized operating netback before realized derivatives of \$19.89 per barrel, representing an increase of 23% from \$16.21 per barrel recorded in the second quarter of 2016.
- Generated quarterly funds flow from operations of \$438,000 (\$0.01 per basic share) compared to \$393,000 (\$0.01 per basic share) in the first quarter of 2017.

### 2017 Second Quarter and Year to Date Financial and Operating Results Summary

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Operating</b>				
Average daily oil production ( <i>bbls/d</i> )	1,334	1,322	1,307	1,342
Operating netback <sup>1</sup> ( <i>\$/bbl</i> )				
Brent benchmark price	66.66	58.72	68.79	52.61
Discount	(5.40)	(8.89)	(6.12)	(8.45)
Realized sales price	61.26	49.83	62.67	44.16
Royalties	(17.84)	(13.52)	(20.34)	(12.54)
Operating expenses	(23.53)	(20.10)	(20.61)	(22.35)
Operating netback prior to derivatives	19.89	16.21	21.72	9.27
Realized gain on derivatives	-	27.56	-	26.47
Operating netback after derivatives	19.89	43.77	21.72	35.74
<b>Financial</b> ( <i>\$000's except share and per share amounts</i> )				
Funds flow from operations	438	3,278	831	4,197
Per share – basic and diluted <sup>1</sup>	0.01	0.04	0.01	0.05
Net loss	(1,848)	(2,553)	(3,397)	(4,997)
Per share – basic and diluted	(0.02)	(0.03)	(0.04)	(0.06)
Capital expenditures				
Exploration	520	476	708	629
Property and equipment	4,940	(340)	5,486	706
Total	5,460	136	6,194	1,335

<sup>1</sup>Refer to advisory regarding non-GAAP measures.

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Total assets – end of period			<b>86,570</b>	73,330
Net debt <sup>1</sup> – end of period			<b>13,814</b>	4,188
Weighted average shares outstanding				
Basic and diluted	<b>84,236,044</b>	83,125,605	<b>83,689,629</b>	83,106,374
Outstanding shares – end of period			<b>103,137,143</b>	83,137,143

<sup>1</sup>Refer to advisory regarding non-GAAP measures.

In the second quarter of 2017, Touchstone commenced its four well 2017 drilling program. Three wells were drilled in the quarter, two of which were completed and on production by the end of June 2017. Touchstone's workover program continued in the quarter with five wells recompleted, totaling ten well recompletions in the calendar year of 2017. The Company invested \$5,460,000 in the second quarter of 2017 on exploration and development expenditures, of which \$4,726,000 related to drilling and well recompletions. As a result, second quarter 2017 production increased to 1,334 barrels per day, representing an increase of 4% from the first quarter of 2017 and 1% from the second quarter of 2016. The two new wells commenced production in mid-June 2017, contributing a field estimated 3,350 barrels of incremental production in the second quarter.

Realized second quarter 2017 pricing for crude oil was \$61.26 (US\$45.51) per barrel versus \$49.83 (US\$38.59) per barrel received in the equivalent quarter of 2016. Petroleum revenues increased 24% from the prior year comparative quarter primarily based on the significant year over year increase in realized crude oil prices. Second quarter 2017 royalty expenses represented 29.1% of petroleum revenues compared to 27.1% in the prior year comparative period. The increase reflected the sliding scale effect of increased commodity prices on royalty rates. Second quarter 2017 operating expenses increased 17% per barrel based on increased workover activity. General and administrative costs increased 5% from the prior year second quarter, as less costs were capitalized in the second quarter of 2017. Second quarter 2017 net finance expenses increased 16% from the prior year equivalent quarter, as increased term loan interest expenses were slightly offset by reduced interest on income taxes and bank loan finance fees.

Funds flow from operations for the three months ended June 30, 2017 was \$438,000 (\$0.01 per basic share) versus funds flow from operations of \$3,278,000 (\$0.04 per basic share) recognized in the second quarter of 2016. Funds flow from operations decreased in comparison to the prior year comparative quarter largely due to \$3,316,000 in realized derivative gains that were recorded in 2016. The Company recorded a net loss of \$1,848,000 (\$0.02 per basic share) during the three months ended June 30, 2017, versus a net loss of \$2,553,000 (\$0.03 per basic share) recognized in the second quarter of 2016.

On June 26, 2017, the Company completed an admission and listing on the AIM market of the London Stock Exchange. In conjunction with the AIM admission, the Company placed an additional 20,000,000 new common shares at a price of \$0.12, resulting in gross and net proceeds of \$2,446,000 and \$777,000, respectively.

Touchstone exited the quarter with a cash balance of \$9,925,000, a working capital surplus of \$1,186,000 and a \$15,000,000 principal term loan balance. \$4,925,000 of the Company's cash balance was considered available at June 30, 2017, as Touchstone must maintain a minimum cash reserves balance of \$5,000,000 in accordance with its term loan. In addition, the Company classified \$3,186,000 in cash used to collateralize letters of credit that secured future work obligations on production and development contracts as long-term restricted cash. Cash and working capital decreased from the first quarter of 2017 due to drilling activity in the second quarter; the Company expects to realize the benefits of increased production in the second half of 2017.

The fourth well of Touchstone's 2017 drilling program was drilled subsequent to the end of the second quarter, and all four wells were completed and on production. The Company will provide an operational update when all new wells have stabilized with at least 30 days of production data.

## 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 and the AIM market of the London Stock Exchange under the symbol "TXP".

## Advisories

**Non-GAAP Measures:** This press release contains terms commonly used in the oil and natural gas industry, such as funds flow from operations per share, operating 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. 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 netback is presented on a per barrel basis and is calculated by deducting royalties and operating expenses from petroleum revenue. The Company discloses operating netback both prior to realized gains or losses on derivatives and after the impacts of derivatives are included. Realized gains or losses represent the portion of risk management contracts that have settled in cash during the period, and disclosing this impact provides Management and investors with transparent measures that reflect how the Company's risk management program can impact netback metrics. The Company uses operating netback as a key performance indicator of field results, and considers it to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices. Net debt is calculated by summing the Company's working capital and non-current undiscounted interest bearing liabilities. Working capital is defined as current assets less current liabilities as they appear on the statements of financial position. The Company uses this information to assess its true debt and liquidity position and to manage capital and liquidity risk. 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 press release may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking information in this press release may include, but is not limited to, statements regarding expectations related to the future incremental production to be achieved from the drilling 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 21, 2017 which has been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this press 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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