TOUCHSTONE ANNOUNCES SECOND QUARTER FINANCIAL AND OPERATING 2018 RESULTS AND INCREASED 2018 CAPITAL PROGRAM

Calgary, Alberta – August 14, 2018 – Touchstone Exploration Inc. ("Touchstone" or the "Company") (TSX / LSE: TXP) announces its financial and operating results for the three and six months ended June 30, 2018. Selected financial and operational information is outlined below and should be read in conjunction with Touchstone's June 30, 2018 unaudited interim consolidated financial statements and the related Management's discussion and analysis, both of which will be available under the Company's profile on SEDAR (www.sedar.com) and the Company's website (www.touchstoneexploration.com). Tabular amounts herein are in thousands of Canadian dollars, and the amounts in text are rounded to thousands of Canadian dollars unless otherwise stated.

Highlights

- Achieved quarterly average crude oil production of 1,717 barrels per day ("bbls/d"), representing increases of 11% and 29% from the first quarter of 2018 and the second quarter of 2017, respectively.
- Continued our 2018 development program with total drilling and development capital expenditures of $4,520,000, drilling three wells and performing four well recompletions.
- Realized $12,508,000 in petroleum sales, a 68% increase from the prior year second quarter.
- Generated an operating netback of $38.19 per barrel, a 92% increase relative to the $19.88 per barrel generated in the prior year comparative quarter.
- Delivered funds flow from operations of $3,258,000 ($0.03 per basic share) compared to $438,000 ($0.01 per basic share) in the second quarter of 2017.
- Recognized a reduced net loss of $692,000 ($0.01 per basic share) compared to a net loss of $1,848,000 ($0.02 per basic share) realized in the equivalent quarter of 2017.
- Extended our $15 million term loan maturity date and initial principal repayments by one year.
- Maintained balance sheet strength with second quarter cash of $10,556,000 and net debt of $11,266,000, representing 1.0 times net debt to first half 2018 annualized funds flow from operations.
- Expanded our 2018 drilling program from ten to fourteen wells.

Financial and Operating Results Summary

	Three months ended			Six months ended	
	June 30, 2018	March 31, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
Operating					
Average daily oil production *(bbls/d)*	**1,717**	1,543	1,334	**1,631**	1,307
Net wells drilled	**3**	2	3	**5**	3
Net wells recompleted	**4**	5	5	**9**	10
Brent benchmark price *(US$/bbl)*	**74.53**	66.86	49.55	**70.67**	51.57
Operating netback[1] *($/bbl)*					
Realized sales price	**80.04**	74.76	61.26	**77.55**	62.67
Royalties	**(22.59)**	(21.27)	(16.03)	**(21.97)**	(18.46)
Operating expenses	**(19.26)**	(19.96)	(25.35)	**(19.59)**	(22.49)
	38.19	33.53	19.88	**35.99**	21.72

Note:
(1) See "Advisories: *Non-GAAP Measures"*.

	Three months ended			Six months ended	
	June 30, 2018	March 31, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
Financial *($000's except share and per share amounts)*					
Petroleum sales	**12,508**	10,384	7,436	**22,892**	14,827
Funds flow from operations	**3,258**	2,601	438	**5,859**	831
Per share – basic and diluted[1]	**0.03**	0.02	0.01	**0.05**	0.01
Net (loss) earnings	**(692)**	125	(1,848)	**(567)**	(3,397)
Per share – basic and diluted	**(0.01)**	0.01	(0.02)	**(0.01)**	(0.04)
Capital expenditures					
Exploration	**434**	228	520	**662**	708
Development	**4,520**	3,621	4,940	**8,141**	5,486
	4,954	3,849	5,460	**8,803**	6,194
Net debt[1] – end of period					
Working capital surplus	**(3,734)**	(4,922)	(1,186)	**(3,734)**	(1,186)
Principal long-term balance of loan	**15,000**	14,190	15,000	**15,000**	15,000
	11,266	9,268	13,814	**11,266**	13,814
Weighted average shares outstanding					
Basic	**129,021,428**	129,021,428	84,236,044	**129,021,428**	83,689,629
Diluted	**130,022,267**	129,691,693	84,236,044	**129,841,928**	83,689,629
Outstanding shares – end of period	**129,021,428**	129,021,428	103,137,143	**129,021,428**	103,137,143

Note:
(1) See "Advisories: *Non-GAAP Measures"*.

Operating Results

Our operating results in the second quarter were consistent with our expectations, as we continued with our ten well drilling campaign by successfully drilling three development wells and spudding the sixth well of the program on June 15, 2018. Capital expenditures totaled $4,954,000, of which $4,520,000 related to drilling and development activities. We recompleted four wells in the quarter, with an aggregate nine wells recompleted in the first half of 2018.

Second quarter 2018 crude oil production averaged 1,717 bbls/d, a 29% increase relative to the 1,334 bbls/d produced in the second quarter of 2017 and a 11% increase relative to the 1,543 bbls/d produced in the first quarter of 2018. The five wells drilled to date in 2018 combined to add 183 bbls/d of incremental production in the second quarter. Our four well 2017 program continued to perform above internal expectations, contributing approximately 351 bbls/day of production in the quarter.

Financial Results

Our second quarter operating netback improved 92% to $38.19 per barrel, as compared to $19.88 per barrel in the second quarter of 2017. Realized second quarter 2018 crude oil pricing was $80.04 (US$61.79) per barrel, 31% greater than the $61.26 (US$45.51) per barrel received in the equivalent quarter of 2017. In comparison to the second quarter of 2017, royalty expenses per barrel increased 41% based on the rising scale effect of increased commodity prices to royalty rates. Second quarter 2018 operating costs per barrel decreased 24% from the corresponding quarter of 2017, predominantly from increased production over a fixed operating cost base and increased operating efficiencies.

We generated funds flow from operations of $3,258,000 ($0.03 per basic share) in the second quarter of 2018 versus $438,000 ($0.01 per basic share) in the second quarter of 2017. The increase in funds flow was largely attributed to stronger oil price realizations and operating netbacks. Excluding realized financial derivative gains, our second quarter 2018 funds flow was the highest since the third quarter of 2014. As a result, the Company decreased its net loss by 63% from the prior year second quarter, recording a net loss of $692,000 ($0.01 per basic share) during the three months ended June 30, 2018.

We maintained strong financial liquidity, exiting the quarter with a cash balance of $10,556,000, a working capital surplus of $3,734,000 and a $15,000,000 principal term loan balance. Our June 30, 2018 net debt of $11,266,000 represented net debt to trailing twelve-month funds flow from operations of 1.4 times and net debt to year to date second quarter 2018 annualized funds flow from operations of 1.0 times. We expect our liquidity position to be stable going forward as the new wells drilled in the quarter are placed onto production and optimized.

On June 13, 2018, we extended the maturity of our $15 million term loan by one year to November 23, 2022, with no mandatory principal payments until January 1, 2020. In addition, the amended agreement removed the minimum $5 million quarterly cash reserves financial covenant. The credit facility is covenant based and does not require annual or semi-annual reviews. We were well within the financial covenants as at June 30, 2018. The one-year deferral of principal payments will allow us to continue our near-term development strategy into 2019.

On June 21, 2018, we entered an agreement to dispose of our 50% operating working interest in our non-core Icacos block to our third-party partner for minimum consideration of US$500,000. Consideration will be paid based on the Company’s working interest net revenue it would have received had it retained such interest through December 2021. The property averaged 10 bbls/d of net crude oil production in the second quarter of 2018. The agreement was effective April 1, 2018 and remains subject to local regulatory approvals.

Increase in 2018 Drilling Program

We are increasing our 2018 capital program by US$4.8 million, which will result in four additional wells drilled prior to year-end. The Company expects to drill the four additional wells on our WD-4 and WD-8 properties. The additional fourth quarter capital is expected to add incremental production volumes in early 2019 and further improve the Company’s growth plans.

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 news release contains terms commonly used in the oil and natural gas industry, including 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. Shareholders and investors are cautioned that these measures should not be construed as alternatives to cash provided by operating activities, net income, total liabilities, or other measures of financial performance as determined in accordance with Generally Accepted Accounting Principles. 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.

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.

The Company uses operating netback as a key performance indicator of field results. Operating netback is presented on a per barrel basis and is calculated by deducting royalties and operating expenses from petroleum sales. If applicable, the Company also 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 considers operating netback 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 the principal (undiscounted) amount of long-term debt. Working capital is calculated 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.

Forward-Looking Statements

Certain information provided in this news release may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking information in this news release may include, but is not limited to, statements relating to the Company's future liquidity position, the potential undertaking, timing, locations and costs of future well drilling and recompletion activities and the sufficiency of resources to fund future well drilling and recompletion operations. 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 December 31, 2017 Annual Information Form dated March 26, 2018 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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