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THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND SHALL NOT CONSTITUTE AN OFFER TO SELL OR ISSUE OR THE SOLICITATION OF AN OFFER TO BUY, SUBSCRIBE FOR OR OTHERWISE ACQUIRE ANY NEW COMMON SHARES OF TOUCHSTONE EXPLORATION INC. IN ANY JURISDICTION IN WHICH ANY SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014.



£3.8m (C\$6.5m) PRIVATE PLACEMENT

Calgary, Alberta – February 19, 2019 – Touchstone Exploration Inc. ("Touchstone" or the "Company") (TSX / LSE: TXP), announces that it intends to complete a private placement directed towards United Kingdom institutional investors (the "Private Placement"). The Company expects to raise gross proceeds of £3.8 million (approximately C\$6.5 million) by way of a placing of 31,666,667 new common shares of no par value (the "New Common Shares") at a price of 12 pence (approximately C\$0.205) per New Common Share (the "Placement Price"). The Placement Price represents a 4 percent discount to 12.5 pence, which was the closing price of the Company's common shares on the AIM market of the London Stock Exchange on February 18, 2019.

The Company intends to use the net proceeds from the Private Placement to finance the drilling of an exploration well in the Corosan west region of its Ortoire exploration property (80% working interest). Touchstone anticipates spudding the well in the second quarter of 2019 targeting a total depth of 9,000 feet. For details of the nature and quantities of contingent and prospective gas resources targeted, see the estimates prepared by the Company's independent reserve and resource evaluators summarised in the Company's January 17, 2019 announcement.

In response to the crude oil price volatility experienced in the fourth quarter of 2018, Touchstone has held back from recommencing a development drilling program. This remains under active review, and the Company expects to use cash flows from operations to finance future development drilling based on the prevailing commodity market. The Company delivered average crude oil sales volumes of 1,994 barrels per day in January 2019.

Shore Capital and GMP FirstEnergy acted as joint brokers in connection with the Private Placement.

Paul Baay, President and Chief Executive Officer, commented:

"The Ortoire block has been the primary focus of our exploration team over the past three years, and the recent independent prospect evaluation prepared by our independent reserve and resource evaluators has supported our belief in its potential. Today's funding allows us to make a firm commitment for the drilling of the first exploration well on the property. Success at this well could deliver a new core area and may enable us to de-risk multiple follow-up locations on the property. The opportunity at the Ortoire block represents a potential step change for Touchstone in terms of reserves, production and net asset value, and I look forward to updating the market post drilling."

Listing and Voting Rights

Application has been made for the New Common Shares, which will rank pari passu with the Company's existing issued share capital, to be admitted to trading on the Toronto Stock Exchange ("TSX") and AIM ("Admission"). Subject to the receipt of required approvals from the TSX and AIM, the New Common Shares

are expected to be issued and admitted to trading on February 26, 2019. The New Common Shares will represent approximately 19.7 percent of the total issued share capital in the Company on Admission.

All New Common Shares being issued by the Company pursuant to the Private Placement will be freely transferable outside of Canada; however, these shares are subject to a four-month and one day restricted hold period in Canada which will prevent such New Common Shares from being resold in Canada, through a Canadian exchange or otherwise, during the restricted period without an exemption from the Canadian prospectus requirement.

Immediately following completion and Admission of the Private Placement, the Company's issued share capital will consist of 160,688,095 common shares. The Company does not hold any common shares in treasury. This figure may be used by shareholders to determine if they are required to notify their interest in, or a change to their interest in, the Company.

Related Party Transaction

The Private Placement includes a subscription by North Energy Capital AS, a 11.5 percent shareholder of the Company, in respect of 3,750,000 New Common Shares. Following Admission, North Energy Capital AS will hold 18,548,750 common shares, representing 11.5 percent of the enlarged share capital of the Company.

The participation in the Private Placement by North Energy Capital AS is considered a related party transaction under Rule 13 of the AIM Rules for Companies. The Independent Directors consider, having consulted with the Company's Nominated Advisor, Shore Capital, that the terms of the related party transactions are fair and reasonable insofar as shareholders are concerned.

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".

For further information:

Touchstone Exploration Inc.

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Advisories

For reference purposes in this announcement, one British pound has been translated into Canadian dollars at a rate of 1.00 to 1.71.

Forward-Looking Statements

Certain information provided in this announcement may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements in this announcement include, but are not limited to, those in respect of the anticipated size, pricing and closing date of the Private Placement, the satisfaction of all required conditions and approvals (including approvals from the TSX and AIM) for completion of the Private Placement, the Company's intended use of the net proceeds of the Private Placement, including the potential undertaking, timing, number, locations and costs of future exploration and development well drilling and, and the sufficiency of resources and available financing to fund future exploration and development well drilling and completion 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 announcement 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.

Important Notice

No prospectus or admission document will be made available in connection with the matters contained in this announcement.

In any EEA Member State that has implemented Directive 2003/71/EC (together with any implementing measures in any Member State and as superseded by Regulation (EU) 2017/1129 (as applicable) ("the Prospectus Directive") other than the United Kingdom), this announcement is only addressed to and directed at persons in such member states who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors"). In addition, in the United Kingdom, this announcement is addressed and directed only at Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) to persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as "Relevant Persons"). Any investment or investment activity to which this announcement relates is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons. Other persons should not rely or act upon this announcement or any of its contents.

This announcement must not be acted on or relied on by persons who are not Relevant Persons. Persons distributing this announcement must satisfy themselves that it is lawful to do so. Any investment or investment activity to which this announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This announcement does not itself constitute an offer for sale or subscription of any securities in the Company.

Neither this announcement nor any copy of it may be taken or transmitted, published or distributed, directly or indirectly, in whole or in part, in, into or from the United States of America (including its territories and possessions, any state of the United States of America (the "United States" or the "US")), Australia, Japan or the Republic of South Africa or transmitted, distributed to, or sent by, any national or resident or citizen of any such countries or any other jurisdiction where to do so would constitute a violation of the relevant securities laws of such jurisdiction (each a "Restricted Jurisdiction"). Any failure to comply with this restriction may constitute a violation of United States, Australian, Japanese or South African securities laws.

This announcement does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any shares or other securities in any Restricted Jurisdiction. The Private Placement and the distribution of this announcement and other information in connection with the Private Placement and Admission in certain jurisdictions may be restricted by law and persons into whose possession this announcement and any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Common Shares referred to in this announcement have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The New Common Shares have not been and will not be approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Private Placement or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

The information contained in this announcement is for background purposes only and does not purport to be full or complete.

No reliance may or should be placed for any purposes whatsoever on the information contained in this announcement or its accuracy, completeness or fairness. The information in this announcement is subject to change. However, the Company does not undertake to provide the recipient of this announcement with any additional information, or to update this announcement or to correct any inaccuracies, and the distribution of this announcement shall not be deemed to be any form of commitment on the part of the Company to proceed with the Private Placement or any transaction or arrangement referred to in this announcement.

This announcement has not been approved by any competent regulatory authority. Shore Capital and Corporate Limited ("SCC") is nominated advisor to the Company. SCC, which is authorised and regulated by the Financial Conduct Authority ("FCA"), is acting exclusively for the Company and no one else in connection with the proposed Private Placement and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of SCC or for advising any other person in respect of the Private Placement and Admission.

Shore Capital Stockbrokers Limited ("SCS") and FirstEnergy Capital LLP ("GMP FirstEnergy") have been appointed as joint brokers to the Company. SCS and GMP FirstEnergy, which are authorised and regulated by the FCA, are acting exclusively for the Company and no one else in connection with the proposed Private Placement and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of SCS and GMP FirstEnergy or for advising any other person in respect of the Private Placement and Admission.