



TOUCHSTONE ANNOUNCES YEAR-END 2021 RESULTS

CALGARY, ALBERTA (March 28, 2022) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) reports its operating and financial results for the three months and year ended December 31, 2021. Selected information is outlined below and should be read in conjunction with our December 31, 2021 audited consolidated financial statements, the related Management's discussion and analysis and Annual Information Form, all of which will be available under our profile on SEDAR (www.sedar.com) and on our website (www.touchstoneexploration.com). Unless otherwise stated, all financial amounts herein are rounded to thousands of United States dollars.

Fourth Quarter 2021 Highlights

- Achieved quarterly average production volumes of 1,336 barrels per day ("bbls/d"), representing a 5 percent increase from 1,274 bbls/d produced in the fourth quarter of 2020.
- Realized petroleum sales of \$8,212,000 from an average crude oil price of \$66.81 per barrel compared to petroleum sales of \$7,650,000 from average realized pricing of \$62.37 per barrel in the third quarter of 2021.
- Generated an operating netback of \$29.96 per barrel, an 8 percent increase from the third quarter of 2021 and a 116 percent increase from the \$13.90 per barrel in the fourth quarter of 2020.
- Our funds flow from operations improved to \$1,291,000 in the quarter compared to funds flow used in operations of \$736,000 in the fourth quarter of 2020.
- Reported net earnings of \$6,514,000 (\$0.03 per basic and diluted share) compared to net earnings of \$1,655,000 (\$0.01 per basic and diluted share) in the same period of 2020. Net earnings in the fourth quarter included net impairment reversals of \$13,716,000, partially offset by associated deferred income tax expenses of \$7,226,000.
- Exploration and evaluation capital investments of \$2,946,000 focused on completing and initiating production testing operations on the Royston-1 well drilled in the third quarter of 2021 and submitting the required regulatory application for the Cascadura surface facility.
- Drilled three gross and net commitment wells on our legacy crude oil properties in the quarter, representing our first infill development drilling since 2019.
- Expanded our Trinidad-based term loan facility from \$20 million to \$30 million to fund our budgeted Ortoire facility projects in 2022. We exited the year with cash of \$17,936,000, working capital surplus of \$6,925,000 and \$30,000,000 drawn on our term credit facility, resulting in a net debt position of \$20,075,000.

Annual 2021 Highlights

- Reported average daily crude oil sales of 1,342 bbls/d in 2021, a nominal 4 percent decrease relative to the 1,392 bbls/d produced in 2020 due to natural declines, reflecting strategic capital allocation on our Ortoire exploration program. Production from our three development wells drilled in the fourth quarter of 2021 came online in the first quarter of 2022.
- Generated funds flow from operations of \$4,107,000 (2020 - \$263,000) and an annual operating netback of \$26.55 per barrel (2020 - \$14.49 per barrel).
- Recognized net earnings of \$5,719,000 (\$0.03 per basic and diluted share) compared to a net loss of \$11,030,000 (\$0.06 per basic share) in 2020, driven by \$13,674,000 in net impairment reversals recognized in the year predominantly based on increased forecasted crude oil pricing and partially offset by the deferred income tax expense impact of \$7,463,000.
- Despite COVID-19 challenges in Trinidad, we executed an incident-free \$20,106,000 exploration program, primarily focused on drilling one gross (0.8 net) well, acquiring 22-line kilometres of 2D

seismic and testing two exploration wells drilled in 2020. We fulfilled all required minimum work obligations in the initial exploration period of our Ortoire exploration and production licence.

- Development capital expenditures of \$7,757,000 focused on exporting a third-party drilling rig to Trinidad, which was used to drill three development wells in the fourth quarter of 2021.
- Entered into revised ten-year lease operating agreements for our Coora-1, Coora-2, WD-4 and WD-8 blocks through December 31, 2030.

Recent Highlights

- Daily crude oil sales averaged 1,382 bbls/d in January 2022 with a realized price of \$71.68 per barrel and averaged 1,384 bbls/d in February 2022 with a realized price of \$81.30 per barrel.
- In February 2022, we executed the relevant agreements with our third-party partners to allow for the final tie-in of the Coho gas field, with pipeline tie-in operations proceeding towards anticipated initial production in May 2022.
- In March 2022, we were notified that the Trinidad government approved a five-year extension to the exploration period of our Ortoire licence to July 31, 2026 for an additional three exploration well commitment.

Paul Baay, President and Chief Executive Officer, commented:

"Building on our operational and financial momentum generated in 2021, our near-term priority is to bring our Coho and Cascadura exploration discoveries onto production. With the extension of the operating agreements on our legacy assets and the five year extension of the exploration period of our Ortoire licence, we are able to prioritize and allocate future capital expenditures on projects that provide the best economic return. Our assets, including natural gas development at Cascadura and Coho, along with oil development at Royston and our legacy properties, complemented by internally identified exploration targets, advances Touchstone to a level of portfolio balance. Barring any significant delays, we forecast that our year-end 2021 liquidity position provides the funding required to meet our near-term focus of commencing production at Coho and Cascadura. By the end of the year, we expect to develop into a sustainable cash flow generating production-based company with strong exploration prospects."

Financial and Operating Results Summary

	Three months ended		%	Year ended December 31,		%
	December 31,	2020		2021	2020	
	2021		change	2021		change
Operational						
Average daily oil production ⁽¹⁾ (bbls/d)	1,336	1,274	5	1,342	1,392	(4)
Net wells drilled	3.0	1.6	88	3.8	1.6	138
Brent benchmark price (\$/bbl)	79.61	44.32	80	70.86	41.96	69
Operating netback (\$/bbl)						
Realized sales price ⁽²⁾	66.81	37.66	77	60.25	38.34	57
Royalties ⁽²⁾	(22.15)	(10.48)	111	(18.85)	(10.74)	76
Operating expenses ⁽²⁾	(14.70)	(13.28)	11	(14.85)	(13.11)	13
Operating netback ⁽²⁾	29.96	13.90	116	26.55	14.49	83

Notes:

- (1) References to crude oil in the above table and elsewhere in this news release is a mix of light and medium crude oil and heavy crude oil for which there is not a precise breakdown since our oil sales volumes typically represent blends of more than one type of crude oil.
- (2) Non-GAAP financial measure. See "Advisories: Non-GAAP Financial Measures" for further information.

	Three months ended December 31,			Year ended December 31,		
	2021	2020	% change	2021	2020	% change
Financial <i>(\$000's except per share amounts)</i>						
Petroleum sales	8,212	4,414	86	29,568	19,592	51
Cash from operating activities	1,388	167	731	1,546	2,296	(33)
Funds flow from (used in) operations	1,291	(736)	n/a	4,107	263	1,462
Per share – basic and diluted ⁽¹⁾	0.01	(0.00)	n/a	0.02	0.00	n/a
Net earnings (loss)	6,514	1,655	294	5,719	(11,030)	n/a
Per share – basic and diluted	0.03	0.01	200	0.03	(0.06)	n/a
Exploration capital expenditures	2,946	9,031	(67)	20,106	17,861	13
Development capital expenditures	5,190	186	2,690	7,757	709	994
Total capital expenditures	8,136	9,217	(12)	27,863	18,570	50
Working capital surplus ⁽¹⁾				(6,925)	(12,933)	(46)
Principal long-term balance of term loan				27,000	7,500	260
Net debt (surplus) ⁽¹⁾ – end of period				20,075	(5,433)	n/a
Share Information <i>(000's)</i>						
Weighted average – basic	210,732	197,686	7	210,160	183,781	14
Weighted average – diluted	218,102	206,072	6	217,678	183,781	18
Outstanding shares – end of period				210,732	209,400	1

Note:

(1) Non-GAAP financial measure. See "Advisories: Non-GAAP Financial Measures" for further information.

Touchstone Exploration Inc.

Touchstone Exploration Inc. is a Calgary, Alberta 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 about Touchstone, please visit our website at www.touchstoneexploration.com or contact:

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Advisories

Non-GAAP Financial Measures

Certain financial measures in this news release do not have a standardized meaning as prescribed by International Financial Reporting Standards ("IFRS" or "GAAP") and therefore are considered non-GAAP financial measures. These financial measures may not be comparable to similar financial measures disclosed by other issuers. Readers are cautioned that any non-GAAP financial measures referred to herein should not be construed as alternatives to, or more meaningful than measures prescribed by IFRS and they are not meant to enhance the Company's reported financial performance or position. These are complementary measures that are commonly used in the oil and natural gas industry and by the Company to provide shareholders and potential investors with additional information regarding the Company's

performance, liquidity and ability to generate funds to finance its operations. Below is a description of the non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures disclosed herein.

Funds flow from operations and funds flow from operations per share

Funds flow from operations is included in the Company's consolidated statements of cash flows. Touchstone considers funds flow from operations to be a key measure of operating performance as it demonstrates the Company's ability to generate the funds necessary to finance capital expenditures and repay debt. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow from operations provides a useful measure of the Company's ability to generate cash that is not subject to short-term movements in non-cash operating working capital.

Funds flow from operations per share is a non-GAAP ratio calculated by dividing funds flow from operations by the weighted average number of common shares outstanding during the applicable period on a basic and dilutive basis.

Operating netback

The Company uses operating netback as a key performance indicator of field results. The Company considers operating netback to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices and assists Management and investors with evaluating operating results on a historical basis. Operating netback is a non-GAAP financial measure calculated by deducting royalties and operating expenses from petroleum sales. Operating netback per barrel is a non-GAAP ratio calculated by dividing the operating netback by production volumes for the period.

Working capital and net debt

Touchstone closely monitors its capital structure with a goal of maintaining a strong financial position to fund current operations and future growth. These are capital management measures used by Management to steward the Company's overall debt position and as measures of overall financial strength.

Management monitors working capital and net debt as part of the Company's capital structure to assess its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated as current assets minus current liabilities as they appear on the consolidated statements of financial position. Net debt (surplus) is calculated by summing the Company's working capital and the principal (undiscounted) long-term amount of senior secured debt.

Supplementary Financial Measures

The following supplementary financial measures are disclosed herein.

Realized sales price per barrel - is comprised of petroleum sales as determined in accordance with IFRS, divided by the Company's total crude oil and natural gas liquid ("NGL") sales volumes.

Royalties per barrel - is comprised of royalties as determined in accordance with IFRS, divided by the Company's total crude oil and NGL sales volumes.

Operating expenses per barrel - is comprised of operating expenses as determined in accordance with IFRS, divided by the Company's total crude oil and NGL sales volumes.

Refer to the "Non-GAAP Financial Measures" advisory section on page 43 of the Company's December 31, 2021 Management's discussion and analysis for reconciliations of non-GAAP financial measures included herein to applicable GAAP measures.

Forward-Looking Statements

Certain information provided in this news release may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved.

Forward-looking statements in this news release may include, but are not limited to, statements relating to Touchstone's near-term priorities, the Company's development and exploration plans and strategies including anticipated production timelines, Touchstone's exploration prospects, the Company's future allocation of capital, the Company's expectations of becoming a cash flow generating business, and Touchstone's current and future financial position including the sufficiency of resources to fund future capital expenditures and maintain financial liquidity. 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 2021 Annual Information Form dated March 25, 2022 which will be filed under the Company's profile on SEDAR (www.sedar.com) and will be available on the Company's website (www.touchstoneexploration.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.