



## TOUCHSTONE ANNOUNCES FIRST QUARTER 2022 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA (May 12, 2022) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) reports its operating and financial results for the three months ended March 31, 2022. Selected information is outlined below and should be read in conjunction with our March 31, 2022 unaudited interim condensed consolidated financial statements and related Management's discussion and analysis, both of which will be available under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on our website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)). Unless otherwise stated, all financial amounts herein are rounded to thousands of United States dollars.

### First Quarter 2022 Financial and Operational Highlights

- Achieved quarterly average production volumes of 1,396 barrels per day ("bbls/d"), representing a 4 percent increase relative to the preceding quarter and an 8 percent increase from the 1,297 bbls/d produced in the first quarter of 2021.
- Realized petroleum sales of \$10,496,000 from an average crude oil price of \$83.55 per barrel compared to petroleum sales of \$8,212,000 from average realized pricing of \$66.81 per barrel in the fourth quarter of 2021.
- Generated an operating netback of \$37.83 per barrel, a 26 percent increase from the fourth quarter of 2021 and a 72 percent increase from the \$21.98 per barrel reported in the first quarter of 2021.
- Our funds flow from operations improved to \$1,426,000 in the quarter compared to \$1,291,000 recognized in the fourth quarter of 2021 and \$538,000 reported in the first quarter of 2021.
- Recognized a net loss of \$236,000 and comprehensive income of \$164,000, compared to a net loss of \$460,000 and comprehensive loss of \$415,000 reported in the same period of 2021.
- Capital investments of \$2,554,000 focused on continuing production testing operations on the Royston-1 well, expenditures related to the Coho-1 facility and pipeline and lease preparation costs for two Coora development well locations.
- Exited the quarter with cash of \$10,148,000, a working capital surplus of \$4,259,000 and \$30,000,000 drawn on our term credit facility, resulting in a net debt position of \$21,241,000.
- In March 2022, our field development plan for the Cascadura area was approved, which extends the exploration and production period for the defined 2,378-acre area through October 31, 2039.

### Recent Highlights

- Daily crude oil sales averaged 1,532 bbls/d in April 2022 with a realized price of \$91.79 per barrel.
- Coho pipeline has been welded, with trenching operations progressing toward anticipated initial production within four to six weeks.
- The National Gas Company of Trinidad and Tobago ("NGC") has agreed to purchase the Coho pipeline upon completion and commissioning.
- Received a review and assessment report in response to our Cascadura area Environmental Impact Assessment ("EIA") application with no material deficiencies raised.
- NGC has received regulatory approval to construct a 20-inch natural gas pipeline from our Cascadura surface facility to their onshore transmission pipeline network.

### Paul Baay, President and Chief Executive Officer, commented:

*"Our first quarter results reflected a combination of increased commodity pricing and higher production volumes from our legacy crude oil properties. Our near-term priority is to bring our Coho and Cascadura*

exploration discoveries onto production, with a focus on converting our extensive Trinidad reserve base to sustainable long-term cash flows to fund our portfolio of future development and exploration opportunities. We are forecasting first gas from Coho imminently, which will represent the initial step change in our production profile. With the approval of our Cascadura field development plan and our EIA in the final stages of documentation and clarification, we are making progress toward bringing our Cascadura discovery onto production. We thank our shareholders for their continued support and look forward to providing further updates as we proceed to execute our 2022 strategy."

## First Quarter 2022 Financial and Operating Results Summary

	Three months ended March 31,		%
	2022	2021	change
<b>Operational</b>			
Average daily crude oil production <sup>(1)</sup> (bbls/d)	1,396	1,297	8
Dated Brent benchmark price (\$/bbl)	100.87	61.04	65
Operating netback (\$/bbl)			
Realized sales price <sup>(2)</sup>	83.55	52.43	59
Royalties <sup>(2)</sup>	(28.55)	(15.79)	81
Operating expenses <sup>(2)</sup>	(17.17)	(14.66)	17
Operating netback <sup>(2)</sup>	37.83	21.98	72
<b>Financial</b> (\$000's except per share amounts)			
Petroleum sales	10,496	6,120	72
Cash from (used in) operating activities	333	(1,234)	n/a
Funds flow from operations	1,426	538	165
Per share – basic and diluted <sup>(2)</sup>	0.01	0.00	n/a
Net loss	(236)	(460)	(49)
Per share – basic and diluted	(0.00)	(0.00)	-
Exploration capital expenditures	1,874	2,954	(37)
Development capital expenditures	680	127	435
Capital expenditures	2,554	3,081	(17)
Working capital surplus <sup>(2)</sup>	(4,259)	(10,552)	(60)
Principal long-term balance of term loan	25,500	7,500	240
Net debt (surplus) <sup>(2)</sup> – end of period	21,241	(3,052)	n/a
<b>Share Information</b> (000's)			
Weighted average shares outstanding – basic and diluted	210,823	209,400	1
Outstanding shares – end of period	211,164	209,400	1

### 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.

## Operational Update

### Coho

Our pipeline and facilities project at Coho is progressing, and the pipeline has been strung out and welded along the right-of-way. Trenching has commenced, and approximately 4,000 feet has been buried to date.

## **Cascadura**

In March 2022, the Trinidad and Tobago Ministry of Energy and Energy Industries approved our field development plan for the Cascadura area, which extends the exploration and production period for the defined 2,378-acre area through October 31, 2039.

We are progressing with facilities procurement and construction of the Cascadura natural gas facility and liquids pipeline. We received a review and assessment report in response to our Cascadura area EIA from the Trinidad and Tobago Environmental Management Authority on May 5, 2022. We anticipate submitting the additional information request on May 13, 2022. Upon final approval of the EIA, we expect to immediately proceed with construction of the surface facility, access roads and future development drilling locations.

## **Royston**

We are concluding the extended production test of our Royston-1 exploration well, with the well shut-in for a pressure build-up. Our proposed future Royston-1 drilling operations include re-entering the existing wellbore to abandon the lowest section of the well and sidetrack the well to evaluate the intermediate sheet and potentially the subthrust sheets in the Herrera Formation.

## **Annual Meeting of Shareholders**

We will be holding our 2022 Annual Meeting of Shareholders (the "Meeting") on Thursday, June 9, 2022 at 10:00 a.m. (Mountain time). To continue to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders amid ongoing concerns regarding the coronavirus pandemic, we are holding a virtual-only Meeting which will be conducted via live audio webcast. Every shareholder and duly appointed proxyholder, regardless of geographic location and ownership, will have an equal opportunity to participate in the Meeting online and vote on the matters to be considered at the Meeting. You cannot attend the Meeting in person. Details on how to attend the virtual-only Meeting are as follows:

- Go to <https://web.lumiagm.com/249639854> in your web browser.
- If you have voting rights, select "Login" and enter your username and the password "touchstone2022" (case sensitive).
- If you do not have voting rights, select "Guest" and complete the online form.

Further details on how to attend the Meeting are included on our website. The meeting materials, including our Notice of 2022 Annual Meeting of Shareholders and Management Information Circular dated April 29, 2022, are available on our website ([www.touchstoneexploration.com/investors/shareholder-meetings](http://www.touchstoneexploration.com/investors/shareholder-meetings)) and under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)). The meeting materials were mailed to shareholders on May 10, 2022.

## **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](http://www.touchstoneexploration.com) or contact:

Mr. Paul Baay, President and Chief Executive Officer  
Mr. Scott Budau, Chief Financial Officer  
Mr. James Shipka, Chief Operating Officer  
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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 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 total crude oil sales 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 sales volumes for the period.

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

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

Refer to the "Non-GAAP Financial Measures" advisory section in the Company's March 31, 2022 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 future production, the receipt of anticipated regulatory approvals, anticipated future drilling operations and timing thereof, 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 is available under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.touchstoneexploration.com](http://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.