



TOUCHSTONE ANNOUNCES SECOND QUARTER 2022 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA (August 11, 2022) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) reports its operating and financial results for the three and six months ended June 30, 2022. Selected information is outlined below and should be read in conjunction with our June 30, 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) and on our website (www.touchstoneexploration.com). Unless otherwise stated, all financial amounts herein are rounded to thousands of United States dollars.

Second Quarter 2022 Financial and Operational Highlights

- Achieved quarterly average crude oil production volumes of 1,420 barrels per day ("bbls/d"), representing a 2 percent increase relative to the preceding quarter and a 1 percent increase from the 1,402 bbls/d produced in the second quarter of 2021.
- Realized petroleum sales of \$12,596,000 from an average crude oil price of \$97.48 per barrel compared to petroleum sales of \$7,586,000 from an average realized price of \$59.06 per barrel in the comparative quarter of 2021.
- Generated an operating netback of \$44.99 per barrel, a 19 percent increase from the first quarter of 2022 and a 71 percent increase from the \$26.30 per barrel reported in the second quarter of 2021.
- Recognized current income tax expenses of \$1,547,000 in the quarter compared to \$432,000 in the second quarter of 2021, driven by \$1,043,000 in supplemental petroleum tax expenses based on our average realized oil price exceeding the \$75.00 per barrel threshold in 2022.
- Our funds flow from operations was \$1,133,000 in the quarter, which was net of \$540,000 accrued for reclamation costs related to the previously announced oil spill which occurred as a result of vandalism in June 2022.
- Recognized a net loss of \$262,000 in the quarter compared to a net loss of \$284,000 reported in the same period of 2021, reflecting the \$540,000 provision for oil spill reclamation costs.
- Capital investments of \$3,368,000 primarily focused on facility and pipeline expenditures related to the Coho-1 facility and investments directed to the Cascadura natural gas facility.
- Exited the quarter with cash of \$9,425,000, a working capital surplus of \$346,000 and \$30,000,000 drawn on our term credit facility, resulting in a net debt position of \$23,654,000.

Recent Highlights

- Daily crude oil sales averaged 1,303 bbls/d in July 2022 with a realized price of \$89.52 per barrel.
- Preparation for Coho gas facility and pipeline pre-commissioning operations is underway, which will be followed by system commissioning operations to introduce natural gas from the Coho-1 well into the facility and pipeline.
- Received confirmation from the Trinidad and Tobago Environmental Management Authority that determination of our Certificate of Environmental Clearance application for development operations in the Cascadura area will be made by September 15, 2022.

Paul Baay, President and Chief Executive Officer, commented:

"This quarter represents the end of an era for the Company as a pure crude oil producer in Trinidad with the next quarter seeing a transition to a combination of oil and natural gas production from our Coho-1 gas well. Our team has maintained base production while remaining focused on our Coho and Cascadura

projects including associated commissioning operations and regulatory approvals, which are both progressing. Our Trinidad team successfully implemented our emergency response plan in response to the vandalism at Fyzabad which had a minimal impact to the environment and residents affected in the area but resulted in reclamation costs which we fully accrued for in the quarter. We will continue to complete the restoration required and work with our insurance provider to identify any costs that may be recoverable under our policy."

Financial and Operating Results Summary

	Three months ended			Six months ended		
	2022	June 30, 2021	% change	2022	June 30, 2021	% change
Operational						
Average daily oil production ⁽¹⁾ (bbls/d)	1,420	1,402	1	1,408	1,350	4
Brent benchmark price ⁽²⁾ (\$/bbl)	113.84	68.98	65	107.20	64.95	65
Operating netback (\$/bbl)						
Realized sales price ⁽³⁾	97.48	59.06	65	90.61	55.90	62
Royalties ⁽³⁾	(34.97)	(17.98)	94	(31.80)	(16.94)	88
Operating expenses ⁽³⁾	(17.52)	(14.78)	19	(17.35)	(14.72)	18
Operating netback ⁽³⁾	44.99	26.30	71	41.46	24.24	71
Financial						
(\$000's except per share amounts)						
Petroleum sales	12,596	7,586	66	23,092	13,706	68
Cash from (used in) operating activities	3,516	1,008	249	3,849	(226)	n/a
Funds flow from operations	1,133	1,205	(6)	2,559	1,743	47
Per share – basic and diluted ⁽³⁾	0.01	0.01	-	0.01	0.01	-
Net loss	(262)	(284)	(8)	(498)	(744)	(33)
Per share – basic and diluted	(0.00)	(0.00)	-	(0.00)	(0.00)	-
Exploration capital expenditures	2,932	6,664	(56)	4,806	9,618	(50)
Development capital expenditures	436	125	249	1,116	252	343
Capital expenditures	3,368	6,789	(50)	5,922	9,870	(40)
Working capital surplus ⁽³⁾				(346)	(4,671)	(93)
Principal long-term balance of term loan				24,000	7,500	220
Net debt ⁽³⁾ – end of period				23,654	2,829	736
Share Information (000's)						
Weighted average shares outstanding – basic and diluted	212,204	209,757	1	211,517	209,579	1
Outstanding shares – end of period				212,275	210,732	1

Notes:

- References to crude oil production volumes in the above table and elsewhere in this news release refer to light, medium and heavy crude oil product types as defined in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. Our reported crude oil production is a mix of light and medium crude oil and heavy crude oil for which there is not a precise breakdown given our oil sales volumes typically represent blends of more than one type of crude oil.
- References to Brent benchmark pricing in the above table and elsewhere in this news release refer to the average daily closing spot prices of Dated Brent over the specified time period. Source: US Energy Information Administration.
- 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:

Mr. Paul Baay, President and Chief Executive 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 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 crude oil and NGL 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. Working capital and net debt are capital management measures used by Management to steward the Company's overall debt position and assess 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 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 June 30, 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 the Company's development and exploration plans and strategies, including anticipated future natural gas production, the receipt of regulatory approvals, the expectation of the Company filing a pollution insurance claim and receiving proceeds therefrom, 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) and 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.