



TOUCHSTONE ANNOUNCES ANNUAL 2023 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA (March 21, 2024) - Touchstone Exploration Inc. ("Touchstone", "we", "our" or the "Company") (TSX, LSE: TXP) reports its operating and condensed financial results for the three months and year ended December 31, 2023. Selected financial information is outlined below and should be read in conjunction with our December 31, 2023 audited consolidated financial statements and related Management's discussion and analysis, both of which will be available under our profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com). Unless otherwise stated, all financial amounts presented herein are rounded to thousands of United States dollars, and all production volumes disclosed herein are sales volumes based on Company working interest before royalty burdens.

Paul Baay, President and Chief Executive Officer, commented:

"The transformational increase in production through the final months of 2023 reflects the commencement of production at our Cascadura field. The associated growth in cash from operations combined with our anticipated increase in borrowing capacity, will enable us to pursue our previously announced 2024 capital budget focused on driving further growth. Since year-end we have made substantial progress on our 2024 capital program, with one well successfully drilled and cased, and two further wells currently drilling. We continue to expect to bring the additional Cascadura wells on stream late in the third quarter of 2024 once the tie-in pipeline to our production facilities is completed. We are confident that 2024 will be another period of significant operational development and we look forward to updating our stakeholders on our progress."

Fourth Quarter 2023 Financial and Operating Highlights

- Average quarterly production increased 151 percent to 8,504 boe/d (79 percent natural gas) relative to 3,391 boe/d produced in the third quarter of 2023, reflecting a full quarter of Cascadura production volumes.
- Realized petroleum and natural gas sales of \$20,759,000 compared to \$11,682,000 in the third quarter of 2023, mainly attributed to incremental Cascadura natural gas and associated liquids sales.
 - Cascadura field production volumes in the quarter contributed \$8,437,000 of net natural gas sales at an average realized price of \$2.45 per Mcf and \$4,170,000 of net NGL sales at an average realized price of \$72.92 per barrel.
 - Natural gas production from the Coho-1 well averaged net volumes of 3.1 MMcf/d (517 boe/d) in the quarter and contributed \$617,000 of net natural gas sales at an average realized price of \$2.16 per Mcf.
- Generated an operating netback of \$13,731,000, a 128 percent increase from the third quarter of 2023, benefiting from a full quarter of production from our Cascadura field. Operating netbacks were \$17.54 per boe, representing a 9 percent decrease from the \$19.27 per boe reported in the third quarter of 2023, attributed to an increased weighting of natural gas volumes to total production.
- Achieved quarterly record funds flow from operations of \$10,489,000 in the fourth quarter compared to \$2,432,000 in the preceding quarter, primarily driven by the \$7,720,000 quarter-over-quarter increase in operating netback.
- \$1,186,000 in quarterly capital investments primarily focused on expenditures directed to Royston-1X production testing, final Cascadura facility commissioning and pre-drill expenditures relating to the Cascadura-2 well.
- Reduced net debt by 25 percent in the quarter, exiting the year with a cash balance of \$8,186,000, a working capital deficit of \$7,581,000 and a bank loan principal balance of \$28,000,000, resulting in a net debt position of \$22,581,000.

Annual 2023 Financial and Operating Highlights

- Commissioned and achieved first natural gas and associated liquids production from our Cascadura facility on September 6, 2023.

- Delivered average daily production volumes of 3,981 boe/d (65 percent natural gas), an increase of 152 percent year-over-year.
- Realized petroleum and natural gas sales of \$48,098,000 compared to \$42,944,000 in the prior year, as \$15,742,000 of incremental Cascadura natural gas and associated liquids sales were partially offset by a \$12,598,000 decrease in crude oil sales, reflecting a 21 percent decline in realized crude oil pricing and a 12 percent reduction in crude oil production.
- Generated funds flow from operations of \$13,730,000 (2022 - \$3,540,000) and an annual operating netback of \$26,220,000 or \$18.04 per boe (2022 - \$19,281,000 and \$33.42 per boe).
- Executed an incident-free \$18,949,000 capital program, primarily focused on completing the Cascadura natural gas facility and drilling and testing the Royston-1X exploration well.
- December 31, 2023 net debt was \$22,581,000, resulting in a reduced net debt to annual funds flow from operations ratio of 1.64 times.
- Responsible operations remained a top priority throughout 2023, as Touchstone had one lost time injury and released its third environmental, social and governance report encompassing the 2022 year.

We recorded exploration and evaluation asset impairment expenses of \$32,649,000 related to the Chinook and Royston areas of our Ortoire block, as the carrying value of the assets exceeded the estimated recoverable amount based on forecasted allocation of future capital spending and the previously announced results of production tests which deemed the Royston-1X sidetrack well uneconomic. The impairment expense was partially offset by an aggregate pre-tax net impairment reversal of \$11,452,000 on three petroleum and natural gas development asset cash generating-units (\$3,896,000 after-tax) and increased fourth quarter 2024 funds flow from operations. This resulted in a net loss of \$21,236,000 (\$0.09 per basic share) recognized in the fourth quarter of 2023 and \$20,598,000 (\$0.09 per basic share) reported in 2023. Excluding net impairment expenses recognized in each period, fourth quarter net earnings were \$7,662,000 (\$0.03 per basic and diluted share) and annual 2023 net earnings were \$8,347,000 (\$0.04 per basic and diluted share).

Post Year-End Highlights

- We safely and successfully drilled and cased our Cascadura-2 delineation well on the Ortoire block.
- Spudded the CO-374 well on the CO-1 block on February 28, 2024 and spudded the Cascadura-3 well on March 1, 2024, with drilling operations currently underway at both locations.
- We executed a binding term sheet providing for \$13 million of additional borrowing capacity from our existing Trinidad-based lender, with the parties currently documenting an amended loan agreement.
- In February 2024, we achieved average net sales volumes of 7,081 boe/d as follows:
 - Cascadura contributed net sales volumes of 5,440 boe/d consisting of:
 - net natural gas sales volumes of 31.1 MMcf/d or 5,179 boe/d with a realized price of \$2.49 per Mcf; and
 - net natural gas liquids volumes of 261 bbls/d with an average realized price of \$69.85 per barrel;
 - Coho net average natural gas sales volumes were 2.8 MMcf/d or 469 boe/d at a realized price of \$2.28 per Mcf (excluding third party processing fees); and
 - average net daily crude oil sales volumes were 1,172 bbls/d per day with an average realized price of \$69.85 per barrel.

Outlook and Guidance

Our first quarter 2024 capital program is progressing as planned with a primary focus on Cascadura field drilling, CO-1 infill well drilling and road and pipeline construction to tie-in our Cascadura development wells to our natural gas facility. The majority of the estimated production from our current capital activity is

expected to be weighted to the fourth quarter of 2024. We currently forecast to maintain our preliminary 2024 guidance announced on December 19, 2024.

2023 Financial and Operating Results Overview

	Three months ended			Year ended December 31,		
	2023	December 31, 2022	% change (4)	2023	2022	% change (4)
Operational						
Average daily production						
Crude oil ⁽¹⁾ (bbls/d)	1,133	1,274	(11)	1,181	1,340	(12)
NGLs ⁽¹⁾ (bbls/d)	622	-	n/a	201	-	n/a
Crude oil and liquids ⁽¹⁾ (bbls/d)	1,755	1,274	38	1,382	1,340	3
Natural gas ⁽¹⁾ (Mcf/d)	40,491	5,729	100	15,593	1,444	100
Average daily production (boe/d) ⁽²⁾	8,504	2,229	100	3,981	1,581	100
Average realized prices ⁽³⁾						
Crude oil ⁽¹⁾ (\$/bbl)	72.26	75.10	(4)	67.80	85.52	(21)
NGLs ⁽¹⁾ (\$/bbl)	72.92	-	n/a	74.07	-	n/a
Crude oil and liquids ⁽¹⁾ (\$/bbl)	72.49	75.10	(3)	68.72	85.52	(20)
Natural gas ⁽¹⁾ (\$/Mcf)	2.43	2.11	15	2.36	2.11	12
Realized commodity price (\$/boe) ⁽²⁾	26.53	48.36	(45)	33.10	74.43	(56)
Production mix (% of production)						
Crude oil and liquids ⁽¹⁾	21	57		35	85	
Natural gas ⁽¹⁾	79	43		65	15	
Operating netback (\$/boe) ⁽²⁾						
Realized commodity price ⁽³⁾	26.53	48.36	(45)	33.10	74.43	(56)
Royalties ⁽³⁾	(5.53)	(15.24)	(64)	(8.38)	(25.37)	(67)
Operating expenses ⁽³⁾	(3.46)	(12.07)	(71)	(6.68)	(15.64)	(57)
Operating netback ⁽³⁾	17.54	21.05	(17)	18.04	33.42	(46)
Financial						
(\$000's except per share amounts)						
Petroleum and natural gas sales	20,759	9,919	100	48,098	42,944	12
Cash from (used in) operating activities	8,512	(1,189)	n/a	12,743	5,752	100
Funds flow from operations	10,489	691	100	13,730	3,540	100
Net loss	(21,236)	(1,921)	100	(20,598)	(3,197)	100
Per share – basic and diluted	(0.09)	(0.01)	100	(0.09)	(0.01)	100
Exploration capital expenditures	595	2,290	(74)	17,638	9,788	80
Development capital expenditures	591	219	100	1,311	1,542	(15)
Capital expenditures ⁽³⁾	1,186	2,509	(53)	18,949	11,330	67
Working capital deficit (surplus) ⁽³⁾				7,581	(4,992)	n/a
Principal long-term bank debt				15,000	21,000	(29)
Net debt ⁽³⁾ – end of period				22,581	16,008	41
Share Information (000's)						
Weighted avg. shares outstanding:						
Basic and diluted	234,213	217,106	8	233,487	213,211	10
Outstanding shares – end of period				234,213	233,037	1

Notes:

- (1) Refer to the "Advisories - Product Type Disclosures" for further information.
- (2) In the table above and elsewhere in this news release, references to "boe" mean barrels of oil equivalent that are calculated using the energy equivalent conversion method. Refer to the "Advisories - Oil and Natural Gas Measures" for further information.
- (3) Non-GAAP financial measure. See the "Advisories - Non-GAAP Financial Measures" for further information.
- (4) Percentages have been rounded to the nearest whole number and limited to increases or decreases of 100 percent.

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
Mr. Scott Budau, Chief Financial Officer
Mr. James Shipka, Chief Operating Officer
Telephone: 403.750.4487

Advisories

Forward-Looking Statements

The information provided in this news release contains certain 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 "expect", "plan", "anticipate", "believe", "intend", "maintain", "continue to", "pursue", "design", "result in", "sustain", "estimate", "potential", "growth", "near-term", "long-term", "forecast", "contingent" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. The forward-looking statements contained in this news release speak only as of the date hereof and are expressly qualified by this cautionary statement.

Specifically, this news release includes, but is not limited to, forward-looking statements relating to: the Company's business plans, strategies, priorities and development plans; the focus of Touchstone's 2024 capital plan, including driving future growth, pursuing developmental drilling activities and optimizing existing natural gas and liquids infrastructure capacity; the intended use of proceeds and expected timing of closing the loan agreement contemplated in the binding term sheet; the Company's expectation that the proceeds from the additional borrowing capacity contemplated in the binding term sheet will fully fund the Company's 2024 capital program; the anticipated increase in 2024 annual average production from 2024 capital spending and the cash flows therefrom; anticipated timing of developmental and exploration drilling production; expected drilling activities, including locations and the timing thereof; anticipated timing of well tie-in operations and production coming online; and Touchstone's current and future financial position, including the sufficiency of resources to fund future capital expenditures and maintain financial liquidity. The Company's actual decisions, activities, results, performance, or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Touchstone will derive from them.

For further information regarding the Company's 2024 preliminary guidance and the related advisories, refer to the news release dated December 19, 2023 entitled "*Touchstone Announces 2024 Capital Budget, Preliminary 2024 Guidance and an Operational Update*" which is available online on our SEDAR+ profile (www.sedarplus.ca) and website (www.touchstoneexploration.com).

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 2023 Annual Information Form dated March 20, 2024 which will be available under the Company's profile on SEDAR+ (www.sedarplus.ca) 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 or intent to update publicly or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

This news release references various non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures as such terms are defined in National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Such measures are not recognized measures under Canadian Generally Accepted Accounting Principles ("GAAP") and do not have a standardized meaning prescribed by International Financial Reporting Accounting Standards ("IFRS") and therefore may not be comparable to similar financial measures disclosed by other issuers. Readers are cautioned that the 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. 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

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.

Operating netback

Touchstone 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 and natural gas sales. The most directly comparable financial measure to operating netback disclosed in the Company's consolidated financial statements is petroleum and natural gas revenue net of royalties. Operating netback per boe is a non-GAAP ratio calculated by dividing the operating netback by total production volumes for the period. Presenting operating netback on a per boe basis allows Management to better analyze performance against prior periods on a comparable basis.

Capital expenditures

Capital expenditures is a non-GAAP financial measure that is calculated as the sum of exploration and evaluation asset expenditures and property, plant and equipment expenditures included in the Company's consolidated statements of cash flows and is most directly comparable to cash used in investing activities. Touchstone considers capital expenditures to be a useful measure of its investment in its asset base.

Working capital and net debt

Working capital and net debt are capital management measures used by Management to monitor the Company's capital structure to evaluate its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated by subtracting current liabilities from current assets as they appear on the applicable consolidated balance sheet. Net debt is calculated by summing the Company's working capital and the principal (undiscounted) long-term amount of senior secured debt and is most directly comparable to total liabilities.

Net debt to funds flow from operations ratio

The Company monitors its capital structure using a net debt to funds flow from operations ratio, which is a non-GAAP ratio and a capital management measure calculated as the ratio of the Company's net debt to trailing twelve months funds flow from operations for any given period.

Supplementary Financial Measures

Realized commodity price per boe - is comprised of petroleum and natural gas sales as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

Royalties per boe - is comprised of royalties as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

Operating expenses per boe - is comprised of operating expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

For further information, please refer to the "*Advisories - Non-GAAP Financial Measures*" section of the Company's most recent Management's discussion and analysis for the three months and year ended December 31, 2023 accompanying our December 31, 2023 audited consolidated financial statements, both of which will be available on our website (www.touchstoneexploration.com) and under our SEDAR+ profile (www.sedarplus.ca).

Oil and Natural Gas Measures

Where applicable, natural gas has been converted to barrels of oil equivalent (boe) based on six thousand cubic feet (Mcf) to one barrel (bbl) of oil. The barrel of oil equivalent rate is based on an energy equivalent conversion method primarily applicable at the burner tip and given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value. This conversion factor is an industry accepted norm and is not based on either energy content or prices.

Product Type Disclosures

This news release includes references to crude oil, NGLs, natural gas, and average daily production volumes. Under National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), disclosure of production volumes should include segmentation by product type as defined in the instrument. In this MD&A, references to "crude oil" refer to "light crude oil and medium crude oil" and "heavy crude oil" combined product types; references to "NGLs" refer to condensate; and references to "natural gas" refer to the "conventional natural gas" product type, all as defined in the instrument. In addition, references to "crude oil and liquids" herein include crude oil and NGLs.

For information regarding specific product disclosures in accordance with NI 51-101, please refer to the "*Advisories - Product Type Disclosures*" section in the Company's most recent Management's discussion and analysis for the three months and year ended December 31, 2023 accompanying our December 31, 2023 audited consolidated financial statements, both of which will be available on our website (www.touchstoneexploration.com) and under our SEDAR+ profile (www.sedarplus.ca).

Abbreviations

The following abbreviations are referenced in this news release:

bbls/d	barrels per day	Mcf	thousand cubic feet
boe	barrels of oil equivalent	Mcf/d	thousand cubic feet per day
boe/d	barrels of oil equivalent per day	MMcf	million cubic feet
NGLs	natural gas liquids	MMcf/d	million cubic feet per day