



TOUCHSTONE ANNOUNCES ANNUAL 2022 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA (March 24, 2023) - 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, 2022. Selected information is outlined below and should be read in conjunction with our December 31, 2022 audited consolidated financial statements, the related Management's discussion and analysis and our December 31, 2022 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 2022 Financial and Operating Highlights

- Achieved initial natural gas production from our Coho-1 well, which produced average net volumes of 5,729 Mcf/d (955 boe/d) in the quarter and contributed \$1,114,000 of net natural gas sales.
- Produced quarterly average volumes of 2,229 boe/d, a 67 percent increase relative to the 1,336 boe/d produced in the prior year equivalent quarter.
- Realized petroleum and natural gas sales of \$9,919,000 compared to \$8,212,000 in the prior year equivalent quarter, reflecting natural gas sales from Coho and a 12 percent increase in average crude oil pricing in the fourth quarter of 2022.
- Generated an operating netback of \$4,319,000, representing a 17 percent increase from the prior year equivalent quarter. Operating netbacks were \$21.05 per boe, a 30 percent decrease from the \$29.96 per boe reported in the fourth quarter of 2021, attributed to natural gas volumes brought online in the quarter.
- Recognized current income tax expenses of \$1,092,000 in the quarter compared to \$208,000 in the fourth quarter of 2021, driven by \$979,000 in supplemental petroleum tax expenses based on our average realized crude oil price exceeding the \$75.00 per barrel threshold in the period.
- Reported funds flow from operations of \$691,000 in the quarter compared to \$1,309,000 in the prior year equivalent quarter, as a \$637,000 increase in operating netbacks was offset by increased general and administration, term loan interest and current income tax expenses.
- Recognized a net loss of \$1,921,000 (\$0.01 per basic share) in the quarter compared to net earnings of \$6,514,000 (\$0.03 per basic and diluted share) reported in the same period of 2021, principally driven by \$6,323,000 of impairment reversals (net of tax) recorded on December 31, 2021.
- Following the December Canadian and United Kingdom private placements that raised net proceeds of \$12,269,000, we exited the quarter with a cash balance of \$16,335,000, a working capital surplus of \$4,992,000 and a principal balance of \$27,000,000 remaining on our term credit facility, resulting in a net debt position of \$16,008,000.

Annual 2022 Financial and Operating Highlights

- Commissioned and delivered natural gas from the Coho facility on October 10, 2022, representing the first onshore natural gas field to come onstream in Trinidad in 20 years.
- Reported average daily production volumes of 1,581 boe/d, reflecting an 18 percent increase from 2021. Relative to 2021, the 2022 annual increase was attributed to incremental natural gas production from the Coho-1 well, as average 2022 crude oil and liquids production were consistent with 2021 levels.
- Generated funds flow from operations of \$3,540,000 (2021 - \$4,172,000) and an annual operating netback of \$19,281,000 or \$33.42 per boe (2021 - \$13,031,000 and \$26.55 per boe).

- Recognized a net loss of \$3,197,000 (\$0.01 per basic share) compared to net earnings of \$5,719,000 (\$0.03 per basic and diluted share) in 2021, primarily attributed to \$6,323,000 in impairment reversals (net of tax) recognized in the prior year based on increased forecasted crude oil pricing.
- We executed an incident-free \$11,330,000 capital program, primarily focused on completing the Coho natural gas facility and progressing construction of the Cascadura natural gas and liquids facility. Cascadura facility construction operations commenced in October 2022 following receipt of all required regulatory approvals.
- Formally executed an extension of the exploration period of the Ortoire licence to July 31, 2026, allowing us to continue exploration activities on acreage that have not been deemed commercial. The gross 1,317-acre Coho area and the gross 2,377-acre Cascadura area were previously approved for commercial development in February 2021 and March 2022, respectively.
- Responsible operations remained a top priority throughout 2022, as Touchstone had no lost time injuries and released its second sustainability report encompassing the 2021 year. We proactively responded to the June 2022 vandalism incident that resulted in a crude oil spill and are pleased to report that all reclamation efforts were completed in September 2022.

Recent Highlights

- Net average natural gas volumes from Coho-1 were 900 boe/d and 864 boe/d in January 2023 and February 2023, respectively.
- Daily crude oil sales averaged 1,286 bbls/d in January 2023 with a realized price of \$66.48 per barrel and averaged 1,341 bbls/d in February 2023 with a realized price of \$67.14 per barrel.
- The National Gas Company Of Trinidad and Tobago Limited ("NGC") notified us that they expect to be ready to receive first natural gas from the Cascadura facility on or about June 30, 2023. We remain on track to complete the Cascadura facility prior to this date to ensure production can commence as soon as NGC is in a position to receive first natural gas.
- We safely reached budgeted total depth of our Royston-1X sidetrack well on the Ortoire block on February 24, 2023. The well has been cased, and we expect to commence production testing in late March 2023.
- In January 2023, we entered into an asset exchange agreement for certain onshore Trinidad assets with a privately held Trinidadian entity. Pursuant to the agreement, we agreed to swap our operated 100 percent working interests in the Fyzabad, San Francique and Barrackpore producing blocks for the counterparty's working interest in the Rio Claro, Balata East and Balata East Deep Horizons blocks for no cash consideration with the asset exchange becoming effective upon closing. The agreement remains subject to certain closing conditions, including receipt of applicable regulatory approvals and an extension of the Rio Claro licence.

Financial and Operating Results Summary

	Three months ended			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Operational						
Average daily production						
Crude oil ⁽¹⁾ (bbls/d)	1,274	1,336	(5)	1,340	1,342	-
NGLs ⁽¹⁾ (bbls/d)	-	-	-	-	2	n/a
Crude oil and liquids (bbls/d)	1,274	1,336	(5)	1,340	1,344	-
Natural gas ⁽¹⁾ (Mcf/d)	5,729	-	n/a	1,444	-	n/a
Average daily production (boe/d) ⁽²⁾	2,229	1,336	67	1,581	1,344	18

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Average realized prices ⁽³⁾						
Crude oil ⁽¹⁾ (\$/bbl)	75.10	66.81	12	85.52	60.28	42
NGLs ⁽¹⁾ (\$/bbl)	-	-	-	-	46.32	n/a
Crude oil and liquids (\$/bbl)	75.10	66.81	12	85.52	60.25	42
Natural gas ⁽¹⁾ (\$/Mcf)	2.11	-	n/a	2.11	-	n/a
Realized commodity price (\$/boe) ⁽²⁾	48.36	66.81	(28)	74.43	60.25	24
Production mix (% of production)						
Crude oil and liquids	57	100		85	100	
Natural gas ⁽¹⁾	43	-		15	-	
Operating netback (\$/boe) ⁽²⁾						
Realized commodity price ⁽³⁾	48.36	66.81	(28)	74.43	60.25	24
Royalties ⁽³⁾	(15.24)	(22.15)	(31)	(25.37)	(18.85)	35
Operating expenses ⁽³⁾	(12.07)	(14.70)	(18)	(15.64)	(14.85)	5
Operating netback ⁽³⁾	21.05	29.96	(30)	33.42	26.55	26
Financial						
(\$000's except per share amounts)						
Petroleum and natural gas sales	9,919	8,212	21	42,944	29,568	45
Cash (used in) from operating activities	(1,189)	1,406	n/a	5,752	1,611	257
Funds flow from operations ⁽³⁾	691	1,309	(47)	3,540	4,172	(15)
Net (loss) earnings	(1,921)	6,514	n/a	(3,197)	5,719	n/a
Per share – basic and diluted	(0.01)	0.03	n/a	(0.01)	0.03	n/a
Exploration capital expenditures	2,290	2,946	(22)	9,788	20,106	(51)
Development capital expenditures	219	5,190	(96)	1,542	7,757	(80)
Capital expenditures ⁽³⁾	2,509	8,136	(69)	11,330	27,863	(59)
Working capital surplus ⁽³⁾				(4,992)	(6,925)	(28)
Principal long-term bank loan				21,000	27,000	(22)
Net debt ⁽³⁾ – end of period				16,008	20,075	(20)
Share Information (000's)						
Weighted average shares – basic	217,106	210,732	3	213,211	210,160	1
Weighted average shares – diluted	217,106	218,102	-	213,211	217,678	(2)
Outstanding shares – end of period				233,037	210,732	11

Notes:

- (1) In the table above and elsewhere in this news release, references to "crude oil" refers to light and medium crude oil and heavy crude product types combined; references to "NGLs" refers to condensate; and references to "natural gas" refers to conventional natural gas, all as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Refer to "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 "Advisories - Oil and Natural Gas Measures" for further information.
- (3) Non-GAAP financial measure. Refer to "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

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. The forward-looking statements contained in this news release speak only as of the date thereof 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 development and exploration plans and strategies, including Cascadura facility construction operations and the expected timing of completion and initial production therefrom, as well as the timing of anticipated Royston-1X well completion and testing operations; the anticipated closing of the asset exchange transaction, including the anticipated future receipt and timing of regulatory approvals including the required licence extension and the 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 2022 Annual Information Form dated March 23, 2023 which will be 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 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 may reference 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 GAAP and do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or "GAAP") 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 in this news release.

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 existing asset base.

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. Working capital is calculated as current assets minus current liabilities as they appear on the consolidated balance sheets. 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

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 information regarding such measures, including reconciliations to the nearest GAAP measures, please refer to the "Advisories - Non-GAAP Financial Measures" section in the Company's Management's discussion and analysis for the year ended December 31, 2022 accompanying our 2022 audited consolidated financial statements which are available on our website (www.touchstoneexploration.com)

and under our SEDAR profile (www.sedar.com).

Oil and Natural Gas Measures

Where applicable, natural gas has been converted to barrels of oil equivalent based on six thousand cubic feet to one barrel 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.

Product Type Disclosures

This news release includes references to crude oil, NGLs, natural gas, total production and average daily production. Under NI 51-101, disclosure of production volumes should include segmentation by product type as defined in the instrument. In this news release, references to "crude oil" refers to "light crude oil and medium crude oil" and "heavy crude oil" combined product types; references to "NGLs" refers to condensate; and references to "natural gas" refers to the "conventional natural gas" product type, all as defined in the instrument.

The Company's total and average production for the three months and years ended December 31, 2022 and 2021 and the references to "crude oil", "NGLs" and "natural gas" disclosed herein consist of the following product types as defined in NI 51-101 using a conversion of 6 Mcf to 1 boe where applicable.

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Production				
Light and medium crude oil (bbls)	111,114	113,724	461,612	447,619
Heavy crude oil (bbls)	6,126	9,193	27,524	42,280
Crude oil (bbls)	117,240	122,917	489,136	489,899
NGLs - condensate (bbls)	-	-	-	842
Conventional natural gas (Mcf)	527,105	-	527,105	-
Total production (boe)	205,091	122,917	576,987	490,741
Average daily production				
Light and medium crude oil (bbls/d)	1,207	1,236	1,265	1,226
Heavy crude oil (bbls/d)	67	100	75	116
Crude oil (bbls/d)	1,274	1,336	1,340	1,342
NGLs - condensate (bbls/d)	-	-	-	2
Conventional natural gas (Mcf/d)	5,729	-	1,444	-
Average daily production (boe/d)	2,229	1,336	1,581	1,344

Abbreviations

bbl(s)	barrel(s)
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
NGLs	natural gas liquids