



TOUCHSTONE ANNOUNCES THIRD QUARTER FINANCIAL AND OPERATING 2018 RESULTS

Calgary, Alberta – November 14, 2018 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX / LSE: TXP) announces its financial and operating results for the three and nine months ended September 30, 2018. Selected financial and operational information is outlined below and should be read in conjunction with Touchstone’s September 30, 2018 unaudited interim consolidated financial statements and the related Management’s discussion and analysis, both of which will be available under the Company’s profile on SEDAR (www.sedar.com) and the Company’s website (www.touchstoneexploration.com). Unless otherwise stated, tabular amounts herein are in thousands of Canadian dollars, and amounts in text are rounded to thousands of Canadian dollars.

Third Quarter Highlights

- Achieved average crude oil production of 1,758 barrels per day (“bbls/d”), representing an increase of 22% from the third quarter of 2017.
- Continued our 2018 development program with total drilling and development capital expenditures of \$4,543,000, drilling three wells and performing 12 well recompletions.
- Realized \$12,890,000 in petroleum sales, a 63% increase from the prior year third quarter.
- Generated an operating netback of \$37.13 per barrel, a 52% increase relative to the \$24.46 per barrel generated in the prior year comparative quarter.
- Delivered funds flow from operations of \$3,260,000 (\$0.03 per basic share) compared to \$1,387,000 (\$0.01 per basic share) in the third quarter of 2017.
- Recognized net earnings of \$267,000 compared to a net loss of \$1,203,000 reported in the equivalent quarter of 2017.
- Exited the quarter with net debt of \$12,975,000, representing 1.0 times net debt to third quarter 2018 annualized funds flow from operations.

Financial and Operating Results Summary

	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% change	2018	2017	% change
Operating						
Average daily oil production (<i>bbls/d</i>)	1,758	1,437	22	1,674	1,351	24
Net wells drilled	3	1	200	8	4	100
Net wells recompleted	12	3	300	21	13	62
Brent benchmark price (<i>US\$/bbl</i>)	75.10	52.10	44	72.15	51.75	39
Operating netback ⁽¹⁾ (<i>\$/bbl</i>)	79.71	59.64	34	78.32	61.58	27
Realized sales price	79.71	59.64	34	78.32	61.58	27
Royalties	(20.52)	(14.59)	41	(21.46)	(17.07)	26
Operating expenses	(22.06)	(20.59)	7	(20.46)	(21.81)	(6)
	37.13	24.46	52	36.40	22.70	60
Financial (<i>\$000's except share and per share amounts</i>)						
Petroleum sales	12,890	7,885	63	35,782	22,712	58
Funds flow from operations	3,260	1,387	135	9,119	2,218	311
Per share – basic ⁽¹⁾	0.03	0.01	200	0.07	0.02	250
Per share – diluted ⁽¹⁾	0.02	0.01	100	0.07	0.02	250

	Three months ended			Nine months ended		
	September 30, 2018	September 30, 2017	% change	September 30, 2018	September 30, 2017	% change
Net earnings (loss)	267	(1,203)	n/a	(300)	(4,600)	n/a
Per share – basic and diluted	0.00	(0.01)	n/a	(0.00)	(0.05)	n/a
Capital expenditures						
Exploration	578	202	186	1,240	910	36
Development	4,543	1,889	140	12,684	7,375	72
	5,121	2,091	145	13,924	8,285	68
Net debt ⁽¹⁾ – end of period						
Working capital surplus				(2,025)	(402)	
Principal long-term balance of loan				15,000	15,000	
				12,975	14,598	(11)
Weighted average shares outstanding (000's)						
Basic	129,021	103,137	25	129,021	90,243	43
Diluted	130,728	103,137	27	129,021	90,243	43
Outstanding shares – end of period (000's)				129,021	103,137	25

Note:

(1) See "Advisories: Non-GAAP Measures".

Operating Results

In the third quarter we continued with our expanded 2018 drilling campaign by successfully drilling three wells, bringing the total to eight development wells drilled through September 30, 2018. Capital expenditures totaled \$5,121,000, of which \$4,543,000 related to drilling and development activities. We recompleted 12 wells in the quarter, with an aggregate 21 wells recompleted through September 30, 2018.

Third quarter 2018 crude oil production averaged 1,758 bbls/d, a 22% increase relative to the 1,437 bbls/d produced in the third quarter of 2017. Third quarter average daily production increased 2% from the second quarter of 2018, with growth slowed by weather based electrical supply disruptions and higher than normal crude oil inventory held at September 30, 2018.

The eight wells drilled in 2018 combined to add approximately 249 bbls/d of incremental production in the third quarter, despite two new wells beginning to produce in mid-August and one well initiating production at the end of September. The four wells drilled in 2017 continued to perform above internal expectations, contributing approximately 351 bbls/d of production in the quarter.

Financial Results

Our third quarter operating netback was \$6,004,000 (\$37.13 per barrel), an improvement of 86% compared to \$3,234,000 (\$24.46 per barrel) recorded in the third quarter of 2017. Higher realized prices and production resulted in a \$5,005,000 increase in petroleum sales relative to the third quarter of 2017. This was offset by higher royalties of \$1,390,000 from increased production and the sliding scale effect of increased commodity pricing to royalty rates. Operating costs increased by \$845,000 from the prior year comparative quarter based on variable costs from increased production and increased well site security and monitoring costs.

We generated funds flow from operations of \$3,260,000 in the third quarter of 2018 versus \$1,387,000 in the equivalent quarter of 2017. The increase in funds flow was largely attributed to stronger realized crude oil pricing and operating netback combined with a 22% increase in production. As a result, we generated net earnings of \$267,000 in the quarter, compared to a net loss of \$1,203,000 reported in the prior year comparative quarter.

We maintained stable financial liquidity, exiting the quarter with positive working capital of \$2,025,000 and a \$15,000,000 principal term loan balance. Our September 30, 2018 net debt of \$12,975,000 represented

net debt to trailing twelve-month funds flow from operations of 1.3 times and net debt to third quarter 2018 annualized funds flow from operation of 1.0 times.

Operations

Touchstone delivered October 2018 crude oil average sales volumes of 1,964 bbls/d at an average realized price of \$89.13 (US\$68.48) per barrel. After achieving field estimated peak production of 2,088 bbls/d buoyed by flush production from the new WD-8 completed in early October, production volumes decreased as the wells were converted from flowing to pumping production.

We spud the ninth well of our 2018 drilling program on November 1, 2018, and we expect the well to reach total depth within the next two days. The well is located on our WD-8 property and will be followed by the drilling of two additional wells in WD-8 from a common surface location. The Company has contracted a second third party rig to drill an additional WD-4 location, with spudding expected by the end of the month. Touchstone anticipates that the four wells will be drilled and completed by the end of the year.

We previously planned on utilizing a separate rig to drill two shallow work commitment wells on our South Palo Seco property prior to the end of the year. However, Petrotrin identified internal surface lease issues with the two previously approved locations. This will result in the Company drilling a total of 12 wells by year-end, with the two Palo Seco wells likely being pushed into the 2019 drilling program.

The Petroleum Company of Trinidad and Tobago Limited (“Petrotrin”) Restructuring

On August 28, 2018, Petrotrin announced its intention to discontinue refining operations and focus on upstream production and exploration activities. This restructuring is expected to be completed prior to the end of the year. The Company subleases various petroleum production and exploration rights from Petrotrin and the national oil company is currently the Company’s sole purchaser of crude oil.

The Company has been officially informed that Petrotrin will continue to meet its contractual operations and commitments throughout the transition process. Petrotrin has indicated that it will be meeting with all pertinent stakeholders following completion of the restructuring to discuss future changes and opportunities.

We do not expect the restructuring to impact our current crude oil production and marketing arrangements and future operations. We believe our crude oil will continue to be purchased by Petrotrin and consolidated with all Trinidad production for export. Touchstone is looking forward to working with the restructured national oil company to grow crude oil production in Trinidad.

About Touchstone

Touchstone Exploration Inc. is a Calgary 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”.

Advisories

Non-GAAP Measures

This news release contains terms commonly used in the oil and natural gas industry, including funds flow from operations per share, operating netback and net debt. These terms do not have a standardized meaning under International Financial Reporting Standards and may not be comparable to similar measures presented by other companies. Shareholders and investors are cautioned that these measures should not be construed as alternatives to cash provided by operating activities, net income, total liabilities, or other measures of financial performance as determined in accordance with Generally Accepted

Accounting Principles. Management uses these Non-GAAP measures for its own performance measurement and to provide stakeholders with measures to compare the Company's operations over time.

The Company calculates funds flow from operations per share by dividing funds flow from operations by the weighted average number of common shares outstanding during the applicable period.

The Company uses operating netback as a key performance indicator of field results. Operating netback is presented on an absolute and per barrel basis and is calculated by deducting royalties and operating expenses from petroleum sales. If applicable, the Company also discloses operating netback both prior to realized gains or losses on derivatives and after the impacts of derivatives are included. Realized gains or losses represent the portion of risk management contracts that have settled in cash during the period, and disclosing this impact provides Management and investors with transparent measures that reflect how the Company's risk management program can impact netback metrics. The Company considers operating netback to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices.

The Company closely monitors its capital structure with a goal of maintaining a strong financial position in order to fund current operations and the future growth of the Company. The Company monitors working capital and net debt as part of its capital structure to assess its true debt and liquidity position and to manage capital and liquidity risk. Net debt is calculated by summing the Company's working capital and the principal (undiscounted) amount of long-term debt. Working capital is calculated as current assets less current liabilities as they appear on the statements of financial position.

Forward-Looking Statements

Certain information provided in this news release may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking information in this news release may include, but is not limited to, statements relating to field estimated production, Petrotrin's restructuring plans, timing thereof, and the effect on the Company's operating and marketing agreements and future operations, the potential undertaking, timing, locations and costs of future well drilling and completion activities, and the sufficiency of resources to fund future well drilling operations. 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 December 31, 2017 Annual Information Form dated March 26, 2018 which has been filed on SEDAR and can be accessed at www.sedar.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.

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