



TOUCHSTONE ANNOUNCES UPDATE ON CASCADURA-1ST1 WELL TESTING

CALGARY, ALBERTA (January 20, 2020) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX / LSE: TXP) provides an exploration update, highlighted by the first stage of production testing of the Cascadura-1ST1 well on the Ortoire exploration block, onshore in the Republic of Trinidad and Tobago. The Cascadura-1ST1 production test was designed to evaluate a potential oil zone as indicated by cased hole logs. On commencement of testing, significant pressures and natural gas volumes were encountered on the clean-up flow. As a result, the Company suspended testing to bring in the appropriate equipment to measure high volumes of both natural gas and liquids.

Highlights

- The initial test interval was completed on January 17, 2020 to evaluate the lowermost 162 foot pay interval between 6,056 and 6,218 feet.
- The well was opened to test on January 18, 2020 on a 4/64" choke for a period of 97 minutes with load fluid, hydrocarbon emulsion and gas recovered at surface prior to shut-in.
- Shut-in tubing head pressure observed at surface built to 4,200 psi, which we deemed to be higher than current equipment could safely evaluate.
- The well is currently shut-in while we mobilize a three-phase separator and testing package designed to safely evaluate the high pressures and gas volumes observed upon initial completion.

Paul R. Baay, President and Chief Executive Officer, commented:

"This is the best possible outcome for the initial test results from the Cascadura well, as natural gas and liquids have superior economic value under the Trinidad fiscal regime. Based on the information acquired while drilling, the thick sand we encountered in the well appeared to contain oil with some associated gas. It is now evident that it is likely a liquids rich gas structure. Given this is only the lowermost 162 feet of pay in the well, these initial results are extremely encouraging."

Cascadura-1ST1 Well Testing

As previously announced, the Cascadura-1 exploration well (Touchstone 80% working interest operator, Heritage Petroleum Company Limited 20% working interest) was sidetracked (ST1) and ultimately drilled to a total depth of 6,350 feet. Cased hole wireline logs and drilling samples indicated approximately 1,037 feet of prospective hydrocarbon pay in the Cruse and Herrera formations at depths between 1,030 and 6,350 feet.

The initial production test of the Cascadura-1ST1 well has been designed to evaluate the lower 777 feet of prospective pay found in the Herrera Gr7c formation (5,516 – 6,162 feet) and the Herrera Gr7a formation (6,162 – 6,350 feet). The test is being conducted in two stages, with the first test evaluating the interval between 6,056 and 6,218 feet which is the lowermost pay interval isolated behind a 7" liner.

This first test commenced on January 17, 2020. Surface pressure of 2,100 psi was observed immediately upon completion and built rapidly to 3,200 psi over the span of six hours. The well was shut in overnight with pressure increasing to over 3,400 psi at surface before the well was opened on a 4/64" choke for a period of 97 minutes. During this initial cleanup period, 64 barrels of load water were recovered as well as approximately two barrels of emulsified formation fluid. These liquids were accompanied by significant gas flow which was too high to be measured with the onsite testing equipment. Flowing pressure increased to 3,900 psi during the cleanup test at which point the Company suspended testing.

The well is currently shut-in while a three-phase test separator is mobilized and installed which will allow the well to be tested safely at the high pressure and gas rates observed to date. The Company expects testing to resume over the next ten days and will provide further updates when available.

Under the Trinidad petroleum tax regime, all petroleum liquids are subject to the supplemental petroleum tax ("SPT") which, at today's oil prices, equates to 18 percent of net petroleum revenues. Petroleum revenues derived from the sale of natural gas are not subject to the SPT. Given that the Company presumed the initial test interval was predominantly oil bearing, the presence of high volumes of natural gas in preliminary testing is encouraging.

Coho-1

We are currently surveying the pipeline route for the previously announced Coho-1 natural gas discovery while working with local engineering firms on the design of the surface equipment required to bring the well on production. In parallel, we are drafting the required permitting documentation to construct the pipeline with the aim of bringing the well on production by June 2020.

Further Ortoire Exploration

The Company has commenced civil work on the access roads to the next two planned exploration prospects on the Ortoire exploration property.

Touchstone Exploration Inc.

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".

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 within the meaning of applicable securities laws. Forward-looking information in this news release may include, but is not limited to, statements with respect to the quality and quantity of prospective hydrocarbon accumulations; initial Cascadura-1ST1 well test results, the Company's anticipated timing and completion of the well production test, and the Company's anticipated development and timing of the Coho-1 well including potential tie-in and production therefrom. 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 2018 Annual Information Form dated March 26, 2019 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.

Oil and Gas Matters

References in this news release to production test rates and initial flow rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. A pressure transient analysis or well-test interpretation has not been carried out in respect of the well. Accordingly, the Company cautions that the test results should be considered preliminary.