



TOUCHSTONE ENTERS INTO ESCROW ARRANGEMENTS FOR US\$20 MILLION TERM LOAN

CALGARY, ALBERTA (May 27, 2020) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) announces that its indirect wholly-owned subsidiary, Touchstone Exploration (Trinidad) Ltd., has entered into escrow arrangements for a US\$20 million, seven-year term loan agreement (the "Term Loan") with Republic Bank Limited, as initial lender, arranger and administrative agent. The Term Loan was arranged exclusively by the Corporate and Investment Banking Division of Republic Bank.

The Term Loan is expected to become effective prior to June 15, 2020 once all conditions precedent have been met, which include the completion of security interest filings in Trinidad and Barbados and the receipt of regulatory approvals in Trinidad. A portion of the Term Loan proceeds will be used to repay the Company's C\$20 million existing credit facility, with the remainder used for general corporate purposes.

Material terms of the Term Loan are as follows:

- Borrower Touchstone Exploration (Trinidad) Ltd.
- Facility type Senior secured syndicated loan, with Republic Bank Limited acting as initial lender, arranger and administrative agent
- Facility amount US\$20 million
- Term Seven years from closing date
- Fixed interest rate 7.85% per annum, payable quarterly in arrears
- Principal amortization schedule Principal moratorium for two years; thereafter twenty equal and consecutive quarterly principal repayments
- Prepayments Permitted after one year with a 1.0% penalty and a 30-day notice period, no penalties payable after three years
- Collateral Senior mortgage over fixed assets of the Borrower and its subsidiaries and corporate guarantee from Touchstone Exploration Inc.
- Financial covenants (to be initially tested for the year ended December 31, 2022) Net Senior Funded Debt to EBITDA less than 2.5 times
Net Senior Funded Debt to Book Value Equity less than 0.7 times
Debt Service Coverage Ratio greater than 2.5 times
- Cash reserve balance Maintain a balance of not less than the equivalent of two quarterly interest payments due
- Fees Underwriting fee of 0.75% of facility amount

Scott Budau, Chief Financial Officer, commented:

"We are pleased to be able to source local financing from Republic Bank, the largest lender in Trinidad and the Caribbean. The financial flexibility of the new facility will allow us to confidently proceed with our Ortoire exploration activities. In addition, the interest payable on the loan is expected to be tax deductible in Trinidad, equating to an after-tax cost of capital of 3.5%. We would also like to give our sincere thanks to Crown Capital, who has supported us since 2012."

Prior to the effective date of the Term Loan, Touchstone continues to operate under its existing C\$20 million credit facility. In connection with the existing credit facility, the Company granted the lender a production payment equal to 1.33 percent of petroleum sales from Trinidad land holdings, payable quarterly through October 31, 2023. The parties have agreed not to buyout the production payment obligation and as such have entered into an amended production payment agreement to continue the obligation under the previous

terms and conditions. The total payout of the existing credit facility will include the C\$20 million principal balance, all accrued interest thereon, and a 1.0% prepayment fee.

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 relating to the expected use of proceeds from the Term Loan and expected closing and timing of the Term Loan. 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 2019 Annual Information Form dated March 25, 2020 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.