



TOUCHSTONE ANNOUNCES EXECUTION OF ASSET EXCHANGE AGREEMENT

CALGARY, ALBERTA (January 9, 2023) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) announces that its indirect wholly owned Trinidadian subsidiary, Primera Oil and Gas Limited, has entered into an Asset Exchange Agreement (the "Agreement") for the exchange of certain onshore Trinidad assets with Lease Operators Limited, a privately held Trinidadian entity (the "Transaction").

Pursuant to the Agreement, we have agreed to transfer our Fyzabad, San Francique and Barrackpore blocks, which currently produce aggregate crude oil volumes of approximately 130 barrels per day ("bbls/d"), in exchange for the Rio Claro, Balata East and Balata East Deep Horizons ("Balata Deep") blocks, which offset our Ortoire block and currently produce aggregate crude oil volumes of approximately 35 bbls/d.

Transaction Highlights

- The Transaction contemplates swapping producing legacy crude oil fields which we consider non-core due to limited scalability in exchange for highly prospective exploration and development acreage contiguous to our Ortoire block.
- Acquisition of approximately 28,000 working interest acres directly offsetting our Ortoire block, allowing us to significantly expand development prospects adjacent to our Cascadura and Royston discoveries.
- The Balata East block has a liquids facility which may potentially be used as a delivery point for future liquids volumes produced at Cascadura and Royston.
- The Transaction also provides Touchstone access to an 18-kilometre oil pipeline that transects our Ortoire block.
- Future potential production from the Rio Claro block is not subject to our current Ortoire block natural gas sales agreement with The National Gas Company of Trinidad and Tobago Limited, with any potential discoveries subject to separate product marketing arrangements.

Transaction Details

Under the Agreement, Touchstone has agreed to swap its operated 100% 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 Deep blocks for no cash consideration with the swap 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 Exploration and Production (Public Petroleum Rights) Licence (the "Rio Claro Licence"), and is expected to close prior to the end of 2023.

The 100% working interest Balata East block is governed by an Enhanced Production Service Contract with Heritage Petroleum Company Limited ("Heritage") in the shallow horizon that is effective through June 30, 2030. The Balata Deep asset is a 100% working interest in the area identified in the Balata East block from a depth of 5,000 feet downwards with no limit. The Balata Deep block is governed by an Exploration and Production (Public Petroleum Rights) Licence with the Trinidad and Tobago Ministry of Energy and Energy Industries ("MEEI"), where the initial exploration period expires August 13, 2025. The Rio Claro Licence with the MEEI is currently expired, and an extension through August 2025 is a condition precedent for closing. The Rio Claro Licence is for an 80% operated working interest, with Heritage holding the remaining 20% working interest.

Paul Baay, President and Chief Executive Officer, commented:

"The proposed exchange of assets further high-grades our portfolio as we focus on the Herrera turbidite

fairway directly offsetting our Ortoire block in close proximity to our Cascadura discovery. With the technical data that we have reviewed on the three licences, we have identified numerous drilling opportunities that can be incorporated into our infrastructure currently being constructed. A revised map reflecting the proposed Transaction can be found in our updated corporate presentation available on our website."

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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Advisory

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.

Forward-looking statements in this news release may include, but are not limited to, statements relating to the anticipated closing of the Transaction and the timing thereof, anticipated benefits of the Transaction, Touchstone's development and exploration plans with respect to such assets and the anticipated future receipt and timing of regulatory approvals including the required licence extension with respect to the Transaction. 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 2021 Annual Information Form dated March 25, 2022 which is 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.