



TOUCHSTONE ANNOUNCES THIRD QUARTER 2023 FINANCIAL AND OPERATING RESULTS AND PROVIDES AN OPERATIONAL UPDATE

CALGARY, ALBERTA (November 14, 2023) - Touchstone Exploration Inc. ("Touchstone", "we", "our" or the "Company") (TSX, LSE: TXP) provides an operational update and reports its operating and financial results for the three and nine months ended September 30, 2023.

Selected financial information is outlined below and should be read in conjunction with our September 30, 2023 unaudited interim condensed consolidated financial statements and related Management's discussion and analysis, both of which will be available under our profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com). Unless otherwise stated, all financial amounts presented herein are rounded to thousands of United States dollars, and all production volumes disclosed herein are sales volumes based on Company working interest before royalty burdens.

Paul Baay, President and Chief Executive Officer, commented:

"The positive impact that initial output from our Cascadura field has had on both our production profile, and more importantly, our operating cash flows is clear. The results from the first few weeks of production at Cascadura demonstrate that we can look forward to materially enhanced operational and financial results.

While we are encouraged with our initial output levels, we are focused on optimizing production across our portfolio including Cascadura, Coho and our legacy oil properties. These operations are anticipated to be completed by the end of the year and will provide Touchstone with a strong platform upon which to continue our growth in 2024.

Along with our significant production gains, we continue to work to expand our land footprint and look forward to commencing our development drilling program on both the Ortoire block and our legacy acreage."

Third Quarter 2023 and Recent Operational Highlights

- Achieved first production from the Cascadura-1ST1 well on September 6, 2023 and initial production from the Cascadura Deep-1 well on September 14, 2023.
- Produced record quarterly average volumes of 3,391 boe/d in the third quarter of 2023, representing a 167 percent increase relative to the 1,272 boe/d produced in the third quarter of 2022.
- Achieved average net sales volumes of 8,917 boe/d in October 2023, with the Cascadura field contributing 7,234 boe/d in the month.
- Cascadura wells are currently restricted by surface chokes while final facility commissioning progresses, with a production volume increase expected when the recycle compressor is operational.
- Coho-1 well workover is currently scheduled for late November 2023 to isolate water production from the lowest set of perforations.
- Preparations are underway at our Cascadura and CO-1 fields for future development drilling.

Third Quarter 2023 Financial Results Highlights

- Realized petroleum and natural gas sales of \$11,682,000 compared to \$9,933,000 in the 2022 comparative quarter, as \$3,855,000 of incremental natural gas and NGL sales were partially offset by a \$2,106,000 decrease in crude oil sales, reflecting a 15 percent decline in realized crude oil pricing and a 7 percent reduction in crude oil production.

- Cascadura field production volumes in the quarter contributed \$1,871,000 of natural gas sales at an average realized price of \$2.40/Mcf and \$1,264,000 of NGL sales at an average realized price of \$78.12/bbl.
- Natural gas production from the Coho-1 well averaged net volumes of 3.7 MMcf/d (618 boe/d) in the quarter and contributed \$720,000 of net natural gas sales at an average realized price of \$2.11/Mcf.
- Generated an operating netback of \$6,011,000, representing a 37 percent increase from the 2022 third quarter primarily reflecting incremental Cascadura natural gas and NGL production volumes.
- Reported funds flow from operations of \$2,432,000 in the third quarter of 2023 compared to \$6,000 in the preceding quarter and \$256,000 in the prior year equivalent quarter.
- Recognized net earnings of \$988,000 and comprehensive income of \$809,000 in the quarter compared to a net loss of \$778,000 and a comprehensive loss of \$1,228,000 reported in the third quarter of 2022.
- \$3,609,000 in quarterly capital investments primarily focused on expenditures related to the construction and commissioning of the Cascadura natural gas and liquids facility and three Royston-1X well production tests.
- Exited the quarter with a cash balance of \$3,794,000, a bank debt principal balance of \$29,500,000 and a net debt position of \$29,919,000.
- October 31, 2023 estimated cash balance of approximately \$5.4 million.

Operational Update

Touchstone commenced production from the Cascadura facility in September 2023, with the Cascadura-1ST1 well and the Cascadura Deep-1 well coming onstream on September 6, 2023 and September 14, 2023, respectively. Both wells are currently restricted by surface chokes while we proceed with final commissioning of the facility. The facility is designed as a closed system where vent gas from both the condensate flash separator and the vapours off the condensate storage tanks are captured, compressed, and reinjected into the system for sales, resulting in minimal emissions. The recycle compressor is currently non-operational resulting in vented production volumes being flared at the facility. Once the compressor is operational, we will be able to optimize the facility and we expect to see an increase in production volumes.

Our Coho facility has been operational for over a year and has produced approximately 2.26 billion cubic feet of gross natural gas volumes through October 2023. The Coho-1 well had a workover completed in October 2023 which was designed to isolate and shut off water production from the lowest perforations in the well. The workover was unsuccessful as the packer collapsed after the well commenced dry natural gas production. We have sourced a second packer which is currently scheduled to be installed prior to the end of November 2023, with the well continuing to produce until we commence the workover.

In October 2023, we achieved average net sales volumes of 8,917 boe/d as follows:

- Cascadura field contributed net sales volumes of 7,234 boe/d (9,042 boe/d gross) consisting of:
 - net natural gas sales volumes of 38.7 MMcf/d or 6,456 boe/d (48.4 MMcf/d or 8,069 boe/d gross) with a realized price of \$2.43/Mcf; and
 - net natural gas liquids volumes of 778 bbls/d (973 bbls/d gross) with an average realized price of \$77.18 per barrel.
- Net average natural gas sales volumes from Coho were 3.1 MMcf/d or 519 boe/d (3.9 MMcf/d or 649 boe/d gross) at a realized price of \$2.15/Mcf.
- Average gross and net daily crude oil sales volumes were 1,164 bbls/d with an average realized price of \$77.18 per barrel.

Touchstone has designed a work program for the Royston-1X well that will isolate and evaluate the two uppermost zones in the wellbore and expects to commence testing prior to the end of the year.

The Company is preparing to commence development drilling on our Cascadura and CO-1 fields. At Cascadura, the third-party drilling company is on site to obtain the required drilling rig certifications. At CO-1, we plan to drill two development wells off an existing surface lease and have contracted a Trinidad based drilling company to perform these operations. The rig is currently undergoing certifications to drill a well for another party and once complete it will be mobilized to our lease site, where we expect to drill the two CO-1 prospects in the first quarter of 2024.

Financial and Operating Results Summary

	Three months ended			Nine months ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
Operational						
Average daily production						
Crude oil ⁽¹⁾ (bbls/d)	1,183	1,272	(7)	1,197	1,362	(12)
NGLs ⁽¹⁾ (bbls/d)	176	-	n/a	59	-	n/a
Crude oil and liquids (bbls/d)	1,359	1,272	7	1,256	1,362	(8)
Natural gas ⁽¹⁾ (Mcf/d)	12,191	-	n/a	7,203	-	n/a
Average daily production (boe/d) ⁽²⁾	3,391	1,272	167	2,457	1,362	80
Average realized prices ⁽³⁾						
Crude oil ⁽¹⁾ (\$/bbl)	71.89	84.85	(15)	66.38	88.80	(25)
NGLs ⁽¹⁾ (\$/bbl)	78.12	-	n/a	78.12	-	n/a
Crude oil and liquids (\$/bbl)	72.69	84.85	(14)	66.94	88.80	(25)
Natural gas ⁽¹⁾ (\$/Mcf)	2.31	-	n/a	2.23	-	n/a
Realized commodity price (\$/boe) ⁽²⁾	37.44	84.85	(56)	40.76	88.80	(54)
Production mix (% of production)						
Crude oil and liquids	40	100		51	100	
Natural gas	60	-		49	-	
Operating netback (\$/boe) ⁽²⁾						
Realized commodity price ⁽³⁾	37.44	84.85	(56)	40.76	88.80	(54)
Royalties ⁽³⁾	(10.23)	(29.14)	(65)	(11.70)	(30.97)	(62)
Operating expenses ⁽³⁾	(7.94)	(18.16)	(56)	(10.44)	(17.60)	(41)
Operating netback ⁽³⁾	19.27	37.55	(49)	18.62	40.23	(54)
Financial						
(\$000's except per share amounts)						
Petroleum and natural gas sales	11,682	9,933	18	27,339	33,025	(17)
Cash from operating activities	343	3,058	(89)	4,231	6,941	(39)
Funds flow from operations	2,432	256	850	3,241	2,849	14
Net earnings (loss)	988	(778)	n/a	638	(1,276)	n/a
Per share – basic and diluted	0.00	(0.00)	n/a	0.00	(0.01)	n/a
Exploration capital expenditures	3,498	2,692	30	17,043	7,498	127
Development capital expenditures	111	207	(46)	720	1,323	(46)
Capital expenditures ⁽³⁾	3,609	2,899	24	17,763	8,821	101
Working capital deficit ⁽³⁾				13,419	4,537	196
Principal long-term bank debt				16,500	22,500	(27)
Net debt ⁽³⁾ – end of period				29,919	27,037	11

	Three months ended			Nine months ended		
	2023	2022	% change	2023	2022	% change
Share Information (000's)						
Weighted avg. shares outstanding:						
Basic	233,541	212,647	10	233,243	211,898	10
Diluted	237,138	212,647	12	236,947	211,898	12
Outstanding shares – end of period				234,213	213,113	10

Notes:

- (1) In the table above and elsewhere in this news release, references to "crude oil" refer to "light and medium crude oil" and "heavy crude oil" product types combined; references to "NGLs" refer to condensate; and references to "natural gas" refer 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 the "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 the "Advisories - Oil and Natural Gas Measures" for further information.
- (3) Non-GAAP financial measure. See the "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".

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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 expectation of future production, operational results and expanding its land position, the Company's development plans and strategies, including: Cascadura facility commissioning operations and the anticipated increase in production upon expected completion; Coho workover operations and the expected timing thereof; the timing of anticipated Royston-1X production testing operations; and forecasted future development well drilling, including the locations and expected timing thereof.

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 is available under the Company's profile on SEDAR+ (www.sedarplus.ca) 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

Management monitors working capital and net debt as part of the Company's capital structure to evaluate its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated by subtracting current liabilities from current assets as they appear on the applicable consolidated balance

sheet. Net debt is calculated by summing the Company's working capital and the principal (undiscounted) long-term amount of senior secured debt and is most directly comparable to total liabilities.

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 three and nine months ended September 30, 2023 accompanying our September 30, 2023 unaudited interim condensed consolidated financial statements which will be available on our website (www.touchstoneexploration.com) and under our SEDAR+ profile (www.sedarplus.ca).

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

For information regarding specific product disclosures in accordance with NI 51-101, please refer to the "*Advisories - Product Type Disclosures*" section in the Company's Management's discussion and analysis for the three and nine months ended September 30, 2023 accompanying our September 30, 2023 unaudited interim condensed consolidated financial statements which will be available on our website (www.touchstoneexploration.com) and under our SEDAR+ profile (www.sedarplus.ca).

Abbreviations

The following abbreviations are referenced in this news release:

bbls/d	barrels per day	Mcf	thousand cubic feet
boe	barrels of oil equivalent	Mcf/d	thousand cubic feet per day
boe/d	barrels of oil equivalent per day	MMcf/d	million cubic feet per day
NGLs	natural gas liquids		