TOUCHSTONE EXPLORATION ANNOUNCES SECOND QUARTER 2026 RESULTS AND OPERATIONAL UPDATE

CALGARY, ALBERTA (August 14, 2026) - Touchstone Exploration Inc. ("Touchstone", "we", "our" or the "Company") (TSX, AIM: TXP) reports its financial and operating results for the three and six months ended June 30, 2026 and provides an operational update. Selected financial information is outlined below and should be read in conjunction with Touchstone's June 30, 2026 unaudited interim condensed consolidated financial statements and related Management's discussion and analysis, both of which are available on the Company's profile on SEDAR+ (www.sedarplus.ca) and website (www.touchstoneexploration.com). Unless otherwise stated, all financial amounts presented herein are in United States dollars, and all production volumes disclosed herein are sales volumes based on Company working interest before royalty burdens.

Second Quarter 2026 Financial and Operating Highlights

- **Funds flow from operations:** Increased to $7.13 million from $1.85 million in the prior quarter, primarily driven by a $4.07 million increase in operating netback.
- **Net income:** Delivered net income of $2.34 million ($0.01 per basic and diluted share), reversing the first quarter 2026 net loss of $2.38 million.
- **Capital investments:** Deployed $1.52 million in capital expenditures focused on high-impact development initiatives, including the FR-1836 crude oil development well and the Cascadura booster compression project.
- **Production:** Achieved 4,433 boe/d, representing a 5% decrease from 4,657 boe/d in the first quarter of 2026, primarily due to planned third-party infrastructure maintenance at Atlantic LNG that temporarily constrained natural gas production.
- **Petroleum and natural gas sales:** Totalled $17.47 million, a 39% increase from $12.54 million in the prior quarter, driven primarily by higher realized pricing across all commodity streams.
- **Realized commodity pricing:**
  - **Crude oil and liquids:** Averaged $70.13 per barrel, a 19% improvement from $59.02 per barrel in the first quarter of 2026.
  - **Natural gas:** Combined pricing averaged $4.93 per Mcf, up from $3.00 per Mcf in the preceding quarter. Ortoire block realized pricing remained steady at $2.55 per Mcf. Central block realized pricing increased 93% sequentially to approximately $6.56 per Mcf, as June natural gas volumes were redirected to Atlantic LNG Train 2/3 during the Train 4 downtime.
- **Operating netback:** Generated $24.37 per boe, representing a 77% improvement over the $13.73 per boe recorded in the preceding quarter.
- **Net debt and deleveraging:** Reduced net debt by 10% sequentially to $68.71 million at quarter-end, supported by $3.55 million in bank debt principal repayments funded through cash flow and financing proceeds.
- **Strategic financing and capital structure:** Completed a multi-jurisdictional integrated financing in the quarter for net proceeds of $10.20 million, initially comprising an issuance of 26,631,330 common shares and an $8.40 million debenture. Subsequent to quarter-end, the $8.4 million debenture was repaid in full, and the repayment proceeds were redirected to the related subscription by Purebond for 89,765,000 common shares, fully converting the financing into equity and eliminating the debt obligation.

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

"*Our second quarter financial and operating results demonstrate the strong underlying earning power of our assets when supported by favourable pricing and disciplined execution. Driven by a 77 percent quarterly improvement in operating netback to $24.37 per boe, we generated $7.13 million in funds flow from operations and delivered $2.34 million in net income, successfully reversing our first quarter loss.*

Operationally, Touchstone exited the quarter with improved production capacity, enhanced infrastructure, and multiple near-term production optimization opportunities. With the Cascadura booster compressor operating reliably and delivering initial performance ahead of expectations, and several well intervention programs scheduled for the second half of 2026, the Company is well positioned to enhance production as regional pipeline constraints normalize following the planned Atlantic Train 4 outage.

Concurrently, we have taken decisive steps to strengthen our capital structure. Supported by cash flow and financing proceeds, we reduced quarterly net debt by 10 percent, while the post-quarter repayment of our $8.40 million debenture and redirection of proceeds into common shares provides Touchstone with a clearer financial runway to execute our growth strategy."

Second Quarter 2026 Financial and Operational Results Overview

	Three months ended June 30,		% change	**Six months ended June 30,**		% change
	2026	2025		**2026**	2025	
Operational						
Average daily production						
Crude oil[1] *(bbls/d)*	**1,032**	1,142	(10)	**981**	1,152	(15)
NGLs[1] *(bbls/d)*	**469**	210	123	**446**	125	n/m
Crude oil and liquids[1] *(bbls/d)*	**1,501**	1,352	11	**1,427**	1,277	12
Natural gas[1] *(Mcf/d)*	**17,590**	18,282	(4)	**18,708**	18,489	1
Average daily production *(boe/d)*[2]	**4,433**	4,399	1	**4,545**	4,359	4
Production mix *(% of production)*						
Crude oil and liquids[1]	**34**	31		**31**	29	
Natural gas[1]	**66**	69		**69**	71	
Average realized prices[3]						
Crude oil[1] *($/bbl)*	**81.17**	58.52	39	**74.94**	61.20	22
NGLs[1] *($/bbl)*	**45.83**	35.40	29	**42.79**	39.80	8
Crude oil and liquids[1] *($/bbl)*	**70.13**	54.93	28	**64.89**	59.11	10
Natural gas[1] *($/Mcf)*	**4.93**	2.55	93	**3.91**	2.53	55
Realized commodity price *($/boe)*[2]	**43.30**	27.50	57	**36.48**	28.04	30
Operating netback *($/boe)*[2]						
Realized commodity price[3]	**43.30**	27.50	57	**36.48**	28.04	30
Royalty expense[3]	**(10.50)**	(6.63)	58	**(8.87)**	(6.94)	28
Operating expense[3]	**(8.43)**	(8.28)	2	**(8.66)**	(6.92)	25
Operating netback[3]	**24.37**	12.59	94	**18.95**	14.18	34
Financial *($000's except per share amounts)*						
Petroleum and natural gas sales	**17,466**	11,007	59	**30,009**	22,120	36
Cash from (used in) operating activities	**3,239**	(234)	n/a	**8,026**	5,377	49
Funds flow from operations	**7,128**	1,433	n/m	**8,976**	4,013	124
Net income (loss)	**2,340**	(710)	n/a	**(36)**	(669)	(95)
Per share – basic and diluted	**0.01**	(0.00)	n/a	**(0.00)**	(0.00)	-
Capital expenditures[3]	**1,515**	4,659	(67)	**4,739**	11,332	(58)
Acquisition expenditures	**-**	28,400	(100)	**-**	28,400	(100)
Principal balance of bank debt				**52,071**	62,000	(16)
Principal balance of convertible debenture				**12,500**	-	n/a
Net debt[3]				**68,709**	63,887	8
Share Information *(000's)*						
Weighted average shares outstanding:						
Basic and diluted	**330,879**	248,914	33	**327,823**	242,722	35
Outstanding shares – end of period				**351,365**	261,097	35

Notes:
(1) Refer to "*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 "*Advisories - Oil and Natural Gas Measures*" for further information.
(3) Specified or supplementary financial measure. Refer to "*Advisories - Non-GAAP and Other Financial Measures*" for further information.

Operational Update

Operational execution during the second quarter of 2026 was highlighted by the successful commissioning of the Cascadura booster compressor, the completion and startup of two development crude oil wells on the WD-8 block, and the successful Baraka East 1 ("BRE-1") recompletion on the Central block. While planned third-party infrastructure maintenance at Atlantic LNG temporarily constrained production across the Company's natural gas assets, Touchstone continued to advance key production optimization initiatives and strategic development projects.

Cascadura Area (Ortoire Block)

The Cascadura compressor was commissioned in late June and entered service on July 9, 2026. Following minor post-commissioning troubleshooting and the replacement of a faulty engine oil cooler, the unit is operating reliably and consistently within design expectations. Initial performance has exceeded expectations, with field-estimated gross natural gas production averaging approximately 16.5 MMcf/d, despite the wells remaining choke-restricted while flowing reservoir pressures are gradually reduced.

Natural gas production from the Cascadura and Coho fields during the second quarter was impacted by elevated third-party pipeline pressures associated with the planned 69-day Atlantic LNG Train 4 maintenance outage. Despite these third-party constraints, the Company continued to advance several production optimization initiatives, including the Cascadura-3ST1 workover, the planned Cascadura-5 recompletion, and the planned Cascadura-2ST1 solvent squeeze, all of which are expected to support future production growth.

Central Block

The BRE-1 gas and liquids recompletion was completed in June and exceeded expectations, achieving field-estimated gross production of approximately 2.3 MMcf/d of natural gas and 72 bbls/d of liquids over the first thirty days of operation.

At the Carapal Ridge 3 ("CR-3") well, Touchstone has designed a targeted coiled tubing cleanout and acid stimulation program to combat a localized inflow restriction within the formation. The local service provider has resolved mechanical issues with its coiled tubing unit and is currently function testing. The CR-3 workover is scheduled for execution by late August 2026.

Preparations for the next development well continued during the quarter, including construction of a drilling lease at Baraka.

Atlantic LNG Train 4 underwent planned maintenance from May 26, 2026 through August 3, 2026. During this outage, Touchstone's natural gas volumes from the Central block were redirected to Atlantic LNG Train 2/3, realizing higher LNG pricing due to a structurally higher price formula relative to Train 4.

WD-8 Block

The FR-1835 and FR-1836 development wells were completed and brought onstream in May 2026, performing in line with internal expectations. Production optimization activities are ongoing, including the planned installation of artificial lift on the FR-1836 well, which has been flowing since coming onstream.

Liquidity Update

As at June 30, 2026, the Company reported a working capital deficit of $28.7 million. This figure includes two financing-related current liabilities:

- $10.3 million carrying value of the convertible debenture maturing in August 2028, which is classified as a current liability solely due to the holder's conversion rights; and
- $8.4 million short-term debenture issued during the second quarter of 2026. Subsequent to June 30, 2026, this $8.4 million debenture was repaid with the proceeds redirected into a common share subscription, fully eliminating the liability.

Management continues to proactively execute initiatives to further strengthen Touchstone's financial posture and capital structure. Year-to-date accomplishments include:

- Successfully closing an integrated financing that generated net proceeds of $10.2 million;
- Securing a waiver of the annual debt service coverage ratio covenant under the Company's loan agreement for the year ending December 31, 2026; and
- Expanding operating cash flows supported by stronger realized commodity pricing.

Touchstone has scheduled bank debt principal repayments of approximately $14.2 million over the next 12 months and continues to pursue recovery of approximately $11.1 million in outstanding value added tax ("VAT") receivables.

As detailed in the Company's June 30, 2026 unaudited interim condensed financial statements and accompanying Management's discussion and analysis, management's cash flow projections remain tied to prevailing commodity prices, field production performance, and the timing of capital programs, including certain discretionary development capital. Consequently, the interim financial statements include a note disclosure regarding a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Touchstone remains focused on maintaining operational momentum, optimizing its cost structure, advancing development activities, recovering VAT balances, and working constructively with its existing lenders to ensure appropriate liquidity over the next twelve months and beyond.

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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Scott Budau, Chief Financial Officer
Brian Hollingshead, EVP Engineering and Business Development

Advisories

Working Interest

Touchstone holds a 100 percent working interest in the WD-8 block through a Lease Operatorship Agreement with Heritage Petroleum Company Limited ("Heritage"). In the Cascadura area of the Ortoire block, Touchstone holds an 80 percent working interest, with Heritage holding the remaining 20 percent working interest. On the Central block, Touchstone holds a 65 percent working interest, with Heritage holding the remaining 35 percent working interest.

Forward-looking Statements

The information provided in this news release contains certain 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 "expect", "believe", "estimate", "potential", "anticipate", "forecast", "pursue", "aim", "intends" 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 hereof 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 business plans, strategies, priorities and capital development plans; field-estimated production volumes; anticipated developmental drilling activities, including drilling locations, execution timing, and expected production and cash flows therefrom; the anticipated timing of well completion and workover activities, operational startups and production coming online; and Touchstone's current and future financial position, including liquidity, capital structure, and the sufficiency of financial resources to fund near-term debt obligations and future capital expenditures. The Company's actual decisions, activities, results, performance, or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits Touchstone will derive from them.

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 2025 Annual Information Form dated March 30, 2026, which is available on the Company's profile on SEDAR+ (www.sedarplus.ca) and on its 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 and Other Financial Measures

This news release references 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 Canadian Generally Accepted Accounting Principles ("GAAP") and do not have a standardized meaning prescribed by IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") 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 herein.

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 royalty 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

Working capital and net debt are capital management measures used by Management to monitor the Company's capital structure to evaluate its true debt and liquidity position and to manage capital and liquidity risk.

Working capital is calculated as current assets minus current liabilities as presented in the applicable consolidated balance sheet, excluding the carrying value of the convertible debenture. Management excludes the carrying value of the convertible debenture from working capital given the instrument has a maturity date in 2028.

Net debt is determined by adding the Company's working capital surplus or deficit to the principal (undiscounted) balance of non-current bank debt and the principal (undiscounted) balance of the convertible debenture. Net debt is most directly comparable to total liabilities as disclosed in the Company's consolidated balance sheets.

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.

Realized crude oil sales per barrel, realized NGL sales per barrel and realized natural gas sales per Mcf - are comprised of sales from the respective product type as determined in accordance with IFRS, divided by the Company's total production volumes of the respective product type for the period. Crude oil sales, NGL sales and natural gas sales are components of petroleum and natural gas sales as disclosed on the consolidated statements of comprehensive income.

Realized crude oil and liquids sales per barrel - is comprised of the sum of crude oil and NGL product sales as determined in accordance with IFRS, divided by the sum of the Company's total crude oil and NGL production volumes for the period. Crude oil and NGL sales are components of petroleum and natural gas sales.

Royalty expense per boe - is comprised of royalty expense as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

For further information, please refer to the "*Advisories* - *Non-GAAP Financial Measures*" section of the Company's most recent Management's discussion and analysis for the three and six months ended June 30, 2026 accompanying the June 30, 2026 unaudited interim condensed consolidated financial statements, both of which are available on the Company's profile on SEDAR+ (www.sedarplus.ca) and website (www.touchstoneexploration.com). Touchstone's Management's discussion and analysis is incorporated by reference herein and includes further discussion of the purpose and composition of the specified non-GAAP financial measures consistently used by the Company and detailed reconciliations to the most directly comparable GAAP measures.

Oil and Natural Gas Measures

To provide a single unit of production for analytical purposes, natural gas production has been converted mathematically to barrels of oil equivalent. The Company uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 boe ratio is based on an energy equivalent conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and may be misleading, particularly if used in isolation, as the value ratio between crude oil and natural gas based on current commodity prices may differ significantly from the 6:1 energy equivalency ratio.

Product Type Disclosures

This news release includes references to crude oil, NGLs, crude oil and liquids, natural gas, and average daily production volumes. Under National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), disclosure of production volumes should include segmentation by product type as defined in the instrument. In this news release, references to "crude oil" refer to light and medium crude oil and heavy crude oil; references to "NGLs" refer to condensate and propane; and references to "natural gas" refer to conventional natural gas, all as defined in the instrument. References to "crude oil and liquids" include crude oil and NGLs.

For further information regarding specific product disclosures in accordance with NI 51-101, including second quarter and year-to-date 2026 and 2025 average daily production information by product type, please refer to the "*Advisories* - *Product Type Disclosures*" section of the Company's most recent Management's discussion and analysis for the three and six months ended June 30, 2026 accompanying the June 30, 2026 unaudited interim condensed consolidated financial statements, both of which are available on the Company's profile on SEDAR+ (www.sedarplus.ca) and website (www.touchstoneexploration.com).

Abbreviations

The following abbreviations may be referenced in this news release:

bbl(s)	barrel(s)
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MMBtu	million British thermal units
LNG	liquefied natural gas
NGL(s)	natural gas liquid(s)