

Touchstone Exploration Announces First Quarter 2025 Financial And Operating Results

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CALGARY, May 13, 2025 - [Touchstone Exploration Inc.](#) ("Touchstone", "we", "our" or the "Company") (TSX:TXP)(LSE:TXP) reports its operating and condensed financial results for the three months ended March 31, 2025.

Selected financial information is outlined below and should be read in conjunction with our March 31, 2025 unaudited interim condensed consolidated financial statements and related Management's discussion and analysis, both of which are available online under our profile on SEDAR+ (www.sedarplus.ca) and on our 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.

First Quarter 2025 Financial and Operating Highlights

- Production: Average quarterly production decreased to 4,317 boe/d (72 percent natural gas), compared to 5,287 boe/d (73 percent natural gas) in the fourth quarter of 2024 and 7,015 boe/d (80 percent natural gas) in the first quarter of 2024. The decrease was primarily driven by natural declines in natural gas and liquids production from the Cascadura-1ST1 and Cascadura Deep-1 wells, partially offset by incremental volumes from the Cascadura-2ST1 and Cascadura-3ST1 wells which began production in November 2024.
- Revenue: Petroleum and natural gas sales totaled \$11.11 million, an 18 percent reduction from the \$13.54 million recorded in the previous quarter.
- Crude oil sales: \$6.68 million from average production of 1,162 bbls/d at a realized price of \$63.86 per barrel.
- NGL sales: \$0.22 million from average production of 39 bbls/d at a realized price of \$64.05 per barrel.
- Natural gas sales: \$4.21 million from average production of 18.7 MMcf/d (3,116 boe/d) at a realized price of \$2.50 per Mcf.
- Operating Netback: Generated \$6.15 million in operating netback, an 11 percent decrease from the fourth quarter of 2024, primarily due to decreased petroleum and natural gas sales and related royalties, partially offset by a 38 percent reduction in operating costs, supported in part by revisions to historical crude oil field head licence expenses.
- Funds Flow from Operations: Decreased to \$2.58 million from \$3.61 million in the previous quarter, as lower operating netbacks and higher cash finance and general and administrative expenses were partially offset by reduced transaction and current income tax expenses.
- Net Earnings: Recorded net earnings of \$41,000 (\$0.00 per basic and diluted share), compared to a net loss of \$542,000 (\$0.00 per basic share) in the fourth quarter of 2024 which was primarily driven by both \$2.31 million in pre-tax Ortoire exploration asset impairment expenses and higher depletion expenses recorded in the prior quarter following Cascadura reserves reductions.
- Capital Investments: Invested \$6.67 million during the quarter, primarily for the Cascadura-4 development well. Drilling operations were suspended in February for rig repairs, briefly resumed in March, and halted again due to wellbore instability. Activities are expected to resume by the end of May with the arrival of specialized equipment.
- Financial Position: Ended the quarter with a cash balance of \$5.72 million and net debt of \$33.33 million, resulting in a net debt to funds flow from operations ratio of 2.53 times.

- Private Placement: On May 8, 2025, the Company announced a private placement targeting United Kingdom investors, expected to raise gross proceeds of approximately \$20.5 million through the issuance of 75,000,000 common shares at a price of 20.5 pence sterling per share (approximately C\$0.38 per share). Proceeds will be used to advance development activities.
- Acquisition Financing: On May 12, 2025, Touchstone executed a Fourth Amended and Restated Loan Agreement with its existing Trinidad-based lender, securing a new six-year, \$30 million non-revolving term loan facility to finance the Company's previously announced acquisition.
- Production Update: In April 2025, the Company produced average net sales volumes of 3,628 boe/d, including average net natural gas sales volumes of 14.7 MMcf/d (2,445 boe/d) and average net crude oil and natural gas liquid sales volumes of 1,183 bbls/d.

Post Period-end Highlights

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First Quarter 2025 Financial and Operating Results Overview

Three months ended

Operational March 31, 2025	December 31, 2024	March 31, 2024
Average daily production		
Crude oil and natural gas liquids (bbls/d)	1,310	1,166
Crude oil and natural gas liquids (bbls/d)	121	262
Natural gas (MMcf/d)	1,431	1,428
Average daily production (Boe/d)	23,136	33,521
Production mix (% of production)	5,287	7,015
Crude oil and natural gas liquids		

Natural gas	73	80	
Average realized prices			
Crude oil (\$/bbl)	62.50	69.95	
Natural gas (\$/MMBtu)	62.05	69.59	
Crude oil and natural gas (\$/bbl)	62.47	69.88	
Natural gas (\$/MMBtu)	2.50	2.46	
Realized commodity price (\$/boe)	27.85	25.98	
Operating netback (\$/boe)			
Realized commodity price (\$/boe)	27.85	25.98	
Royalty expense) (6.59) (5.76)
Operating expense) (7.09) (3.83)
Operating netback	14.17	16.39	
Financial (\$000's except per share amounts)			
Petroleum and natural gas sales	13,543	16,584	
Cash from operating activities	822	5,369	
Funds flow from operations	3,614	6,142	
Net earnings (loss)	(542) 3,628	
Per share - basic and diluted	(0.00) 0.02	

Exploration and evaluation asset expenditures	426	108
Property, plant and equipment expenditures	2,680	11,854
Capital expenditures	3,106	11,962
Working capital deficit	1,359	14,121
Principal long-term debt	27,750	13,500
Net debt	-	-
end of period	29,109	27,621
Share Information(000's)		
Weighted average shares outstanding		
Basic	236,461	234,213
Diluted	236,461	236,548
Outstanding shares		
end of period	236,461	234,213

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 Financial Measures" for further information.

2025 Outlook and Guidance

We remain focused on financial discipline and maximizing value from our development and exploration assets. Our near-term strategy is to close the previously announced acquisition and increase cash flows through the development of the Cascadura field, leveraging the processing capacity established in 2024.

On December 9, 2024, we issued a news release announcing the approval of our preliminary financial and

operating guidance for 2025. Given the material nature of the pending acquisition, the Company intends to provide updated 2025 guidance following its expected closing.

2025 Annual Meeting of Shareholders

Touchstone's virtual-only Annual Meeting of Shareholders (the "Meeting") will be held on Thursday, June 19, 2025 at 8:00 a.m. (Mountain Time).

Registered and beneficial shareholders will be mailed a notice-and-access notification and form of proxy on or about May 20, 2025, advising as to the electronic availability of the Meeting materials, including the 2025 Management Information Circular dated May 8, 2025, the 2024 audited consolidated financial statements and related Management's discussion and analysis.

For holders of our depositary interests, hard copies of our Management Information Circular and form of direction will be mailed on or about May 20, 2025.

Subsequent to the estimated mailing date, the Meeting materials will be available online under our profile on SEDAR+ (www.sedarplus.ca) and on our website (www.touchstoneexploration.com).

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:

Mr. Paul Baay, President and Chief Executive Officer

Mr. Scott Budau, Chief Financial Officer

Tel: +1 (403) 750-4405

Advisories

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 development plans; the Company's proposed acquisition, including the Company's expectation that the acquisition will close, the timing thereof, the method of funding and the benefits to be derived therefrom; the Company's intended private placement, its expectation that the private placement will close, the timing thereof, and the Company's intended use of the proceeds therefrom; the timing of resuming drilling operations; and Touchstone's current and future financial

position, including the sufficiency of resources to fund future capital expenditures and maintain financial liquidity. 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.

This news release refers to the Company's private placement, the proposed acquisition of a private Trinidad-based entity, and the related debt financing. For further information and the related advisories thereto (all of which are incorporated by reference herein), refer to the Company's news release dated May 8, 2025 entitled "Touchstone Exploration Announces Private Placement and an Acquisition Financing Update" and its news release dated May 13, 2025 entitled "Touchstone Exploration Announces Amended Loan Agreement to Support Pending Acquisition", both of which are available online on Touchstone's profile on SEDAR+ (www.sedarplus.ca) and on the Company's website (www.touchstoneexploration.com).

This news release also references Touchstone's preliminary 2025 guidance. For further information and the related advisories thereto (which are incorporated by reference herein), refer to the Company's news release dated December 9, 2024 entitled "Touchstone Exploration Announces Preliminary 2025 Guidance" which is available online under Touchstone's profile on SEDAR+ (www.sedarplus.ca) and on the Company's website (www.touchstoneexploration.com).

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 2024 Annual Information Form dated March 19, 2025 which is available online 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 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 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 disclosed in the Company's consolidated balance sheets.

Net debt to funds flow from operations ratio

The Company monitors its capital structure using the net debt to funds flow from operations ratio, which is a non-GAAP ratio and a capital management measure calculated as the ratio of the Company's net debt to trailing twelve months funds flow from operations for any given period.

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 boe - 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 net earnings and 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.

Operating expense per boe - is comprised of operating 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 months ended March 31, 2025 accompanying our March 31, 2025 unaudited interim condensed consolidated financial statements, both of which are available online under the Company's profile on SEDAR+ (www.sedarplus.ca) and on the Company's 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 might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

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 crude oil and medium crude oil" and "heavy crude oil" combined product types; references to "NGLs" refer to condensate; and references to "natural gas" refer to the "conventional natural gas" product type, all as defined in the instrument. In addition, references to "crude oil and liquids" herein include crude oil and NGLs.

The Company's average production for April 2025 consists of the following product types as defined in NI 51-101 using a conversion of 6 Mcf to 1 boe where applicable.

Period	Heavy Crude Oil		Natural Gas Liquids (bbls/d)	Conventional Natural Gas (bbls/d)
	Light and Medium Crude Oil (bbls/d)	(bbls/d)		
April 2025	1,098	61	24	14,672

For further information regarding specific product disclosures in accordance with NI 51-101, please refer to the "Advisories - Product Type Disclosures" section of the Company's most recent Management's discussion and analysis for the three months ended March 31, 2025 accompanying our March 31, 2025 unaudited interim condensed consolidated financial statements, both of which are available online under the Company's profile on SEDAR+ (www.sedarplus.ca) and on the Company's 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

NGLs natural gas liquids

Mcf thousand cubic feet

Mcf/d thousand cubic feet per day

MMcf

million cubic feet

MMcf/d million cubic feet per day

SOURCE: Touchstone Exploration, Inc.

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