Cascadura Well Tests Deliver Combined Average of Over 10,600 boe/d

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CALGARY, March 11, 2020 - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) provides an exploration update, highlighted by an update on production testing of the Cascadura-1ST1 liquids rich gas discovery on the Ortoire exploration block, onshore Trinidad and Tobago (Touchstone 80% working interest operator, Heritage Petroleum Company Limited 20% working interest).

Production testing of the Cascadura-1ST1 well was performed in two stages. Stage one included the lowermost 162 feet of pay in the Herrera formation, and the second stage included 345 feet of pay in the upper part of the same horizon. Pressure recorders from the first stage of testing have been recovered, and the recorders for the second stage are expected to be recovered in the next month. Flowback testing of the second stage of production testing has been completed, and unless otherwise noted, all production volumes referenced herein are stated in gross figures.

Highlights

- Stage two flow testing supports an initial production range between 7,750 and 9,700 barrels of oil equivalent per day ("boe/d"), including an estimated 40 to 50 million cubic feet per day ("MMcf/d") of natural gas and an estimated 1,100 to 1,400 barrels per day ("bbls/d") of natural gas liquids, significantly exceeding pre-drill expectations.
- The second stage of production testing commenced on March 8, 2020 and achieved a peak flowback rate of 5,760 boe/d, including 29.4 MMcf/d of natural gas and 865 bbls/d of natural gas liquids.
- 24-hour extended stage two flow testing yielded an average of 5,472 boe/d, including 28.1 MMcf/d of natural gas and 783 bbls/d of natural gas liquids.
- Field estimates during the second stage of testing suggest an absolute open flow ("AOF") potential of 120 MMcf/d.
- As previously announced, initial testing commenced on February 4, 2020 and delivered an average flowback rate of 5,157 boe/d, including 26.8 MMcf/d of natural gas and 691 bbls/d of natural gas liquids during the final 24-hour flowback period.
- Downhole pressure recorders are expected be recovered in approximately one month, and the Company will subsequently use the pressure data, in conjunction with geophysical mapping, to define resource potential.

Paul Baay, President and Chief Executive Officer, commented:

"This second test, focusing on the upper 345 feet of pay, confirms the material size of the discovery at Cascadura and the vast opportunity that exists on our Ortoire property. In addition to estimated production at our Coho discovery and our existing production, this well gives us a clear path to 10,000 boe/d with an estimated 75% natural gas and 25% liquids product mix. With domestic demand for natural gas exceeding current production, Touchstone is working with industry partners to bring these new volumes on-stream as quickly as possible. With the Cascadura well only three kilometres from existing infrastructure, we are evaluating the most efficient path forward to tie these significant volumes into the domestic sales network."

Cascadura-1ST1 Production Testing

As previously announced, the Cascadura-1 exploration well on the Ortoire exploration block, onshore in the Republic of Trinidad and Tobago (Touchstone 80% working interest operator, Heritage Petroleum Company Limited 20% working interest) was sidetracked (ST1) and drilled to a total depth of 6,350 feet. Cased hole wireline logs and drilling samples indicated approximately 1,037 feet of prospective hydrocarbon pay in the Cruse and Herrera formations at depths between 1,030 and 6,350 feet. The first stage of the production test of the Cascadura-1ST1 well was designed to evaluate the lowest 162 feet of prospective pay found in the Herrera Gr7c and Herrera Gr7a formations between 6,056 and 6,218 feet. The second stage of the production test evaluated 345 feet of prospective pay between 5,570 and 5,915 feet in the Herrera Gr7bc.

Stage one testing

Stage one was completed on January 17, 2020, and natural gas production testing commenced on February 4, 2020 with flow tests spanning a total of 44.5 hours, comprised of an initial clean-up flow period, followed by an initial shut-in period and a four-step rate test, including a final flow test which was extended to a total of 24 hours.

Stage one testing achieved a peak production rate in excess of 5,735 boe/d (12% liquids) during the extended 24-hour flow test period. This production rate included 30.1 MMcf/d of natural gas and 710 bbls/d of natural gas liquids, with a flowing pressure of 3,305 psi through a 40/64" choke. During the final 24-hour extended flow test period, the well averaged a production rate in excess of 5,157 boe/d (13% liquids), including 26.8 MMcf/d of natural gas and an estimated 691 bbls/d of natural gas liquids. The flowing pressure of the well during this test period was 3,296 psi through a 40/64" choke, resulting in an estimated 20% drawdown. A total of 39.4 million cubic feet of natural gas (6,570 barrels of oil equivalent) was produced during testing, with 959 barrels of natural gas liquids and 41 barrels of water. During the final extended flow test, Cascadura-1ST1 yielded 55° API natural gas liquids at a ratio of approximately 26 barrels of natural gas liquids per million cubic feet of natural gas produced. Laboratory analysis of the produced gas indicated liquids rich natural gas with no hydrogen sulfide content.

Following the extended flow test the well was shut in for 20 days for a pressure build-up survey. Based on the shut-in pressure data of the extended test, the stage one completion was capable of an AOF rate of 99.3 MMcf/d.

Stage two testing

The second interval of the well was completed on March 6, 2020, and production testing commenced on March 8, 2020 with flow tests spanning a total of 49 hours. Stage two testing was designed to follow the same time and testing parameters as initially performed in the first stage.

Stage two testing achieved a peak production rate in excess of 5,760 boe/d (15% liquids) during the extended 24-hour flow test period. This production rate included 29.4 MMcf/d of natural gas and 865 bbls/d of natural gas liquids. The flowing pressure of the well at this point in testing was 3,581 psi through a 40/64" choke. During the final 24-hour flow test period, the well averaged a production rate in excess of 5,472 boe/d (14% liquids), including 28.1 MMcf/d of natural gas and 783 bbls/d of natural gas liquids at a flowing pressure of 3,578 psi through a 40/64" choke, resulting in an estimated 13% drawdown. A total of 43 million cubic feet of natural gas (7,162 barrels of oil equivalent) was produced during testing, with 1,095 barrels of natural gas liquids and 78 barrels of water which included 69 barrels of load fluid. During the final flow test, stage two testing yielded 55° API natural gas liquids at a ratio of approximately 28 barrels of natural gas liquids per million cubic feet of natural gas produced. Laboratory analysis of the produced gas indicated liquids rich natural gas with no hydrogen sulfide content and no measurable solids.

The well has now shut-in for an extended pressure build-up survey which is expected to take up to four weeks, after which the Company will review the pressure data.

James Shipka, Chief Operating Officer, commented:

"Based upon the results of our initial test, the second stage of testing at Cascadura was in line with our expectations. Similar to the first test, production testing was constrained by the third-party surface equipment which limited us to a 40/64" choke. This resulted in natural gas flow rates similar to what was observed initially, although at a much lower surface drawdown. The flowing pressures and the associated pressure drawdown exceeded our expectations, suggesting that the sands evaluated during the second stage of testing are of exceptional quality and significant resource size. For comparison, in the lower sands we achieved a flow rate of 26.8 MMcf/d at a reservoir drawdown of 20% with 691 bbls/d of associated liquids. In the upper sands, we achieved a slightly higher flow rate of 28.2 MMcf/d at a reservoir drawdown of only 13%, with over 800 bbls/d of liquids. Based on these test rates, we are modelling initial production rates of between 40 and 50 MMcf/d with approximately 1,100 to 1,400 bbls/d of natural gas liquids, which would yield approximately 6,200 to 7,800 boe/d (net) to the Company."

Coho-1 Gas Discovery Update

The Company has completed surveying the pipeline required to tie-in the Coho-1 dry natural gas discovery and is currently awaiting local contract bids for construction. The pipeline has been specified to allow for production rates of up to 20 MMcf/d to accommodate the expected volumes from Coho-1 and potential future locations. The Company anticipates having the Coho-1 well on production early in the third quarter of 2020.

Chinook Exploration Prospect Update

The Company is close to completing construction of the surface location and access road for the Chinook-1 exploration prospect. The well location is approximately one kilometre south of the Cascadura-1ST1 well location and is targeting hydrocarbons from the same horizon encountered in both the Coho and Cascadura discoveries in a new and unique fault block. The Company anticipates spudding Chinook-1 in the middle of the second quarter of 2020.

Trinidad and Tobago Domestic Gas Sector

The domestic gas industry in Trinidad and Tobago is well established, with natural gas production accounting for over 90% of the domestic energy sector on a boe basis. To capitalize on domestic production, Trinidad has aggressively built a world class base of industries reliant on natural gas production. In addition to one of the world's largest liquids natural gas export plants at Point Fortin, a large-scale petrochemical industrial park at Point Lisas has evolved to produce ammonia, methanol, iron, steel, and aluminum. Additionally, natural gas fuels the country's domestic power sector. Since 2002, domestic gas reserves have been on the decline. In 2020 many industrial users are seeing natural gas supplies curtailed, reflecting the imbalance between decreasing supply and steady or increasing demand. As such, new natural gas production and reserves are in demand for domestic use.

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".

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 with respect to the quality and quantity of prospective hydrocarbon accumulations; well test results; the Company's exploration plans and strategies, including anticipated timing, development, tie-in, and production from current exploration wells, and with respect to future exploration drilling and the timing thereof; and the sufficiency of resources and available financing to fund future exploration operations. 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 2018 Annual Information Form dated March 26, 2019 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.

Oil and Gas Matters

References in this news release to production test rates and initial flow rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. A final pressure transient analysis and/or well-test interpretation has

yet to be carried out in respect of the well. Accordingly, the Company cautions that the second stage of test results should be considered preliminary.

Oil and 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.

SOURCE Touchstone Exploration Inc.

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