

# Touchstone Exploration Announces the Acquisition of Central Block

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CALGARY, December 13, 2024 - [Touchstone Exploration Inc.](#) ("Touchstone", "we", "our" or the "Company") (TSX:TXP)(LSE:TXP) is pleased to announce that its wholly owned subsidiary, Touchstone Exploration (Trinidad) Ltd. ("TETL"), has entered into an agreement with BG Overseas Holdings Limited to acquire all the share capital of Shell Trinidad Central Block Limited ("STCBL") (the "Acquisition").

Under the terms of the Acquisition, TETL will pay BG Overseas Holdings Limited \$23 million consideration in cash prior to closing adjustments. Completion of the Acquisition is subject to customary regulatory and partner approvals, including the approval of the Ministry of Energy and Energy Industries. Touchstone is in active discussions with its Trinidad-based lender, Republic Bank Limited, to fund the Acquisition upon closing. The Acquisition will have an effective date of January 1, 2025, has a four-month long stop date, and is expected to close during the second quarter of 2025.

STCBL holds a 65 percent operating working interest in the Central block exploration and production licence and gas processing plant in the Republic of Trinidad and Tobago with Heritage Petroleum Company Limited ("HPCL") holding a 35 percent working interest. Current gross production from the Central block is approximately 18.0 MMcf/d of natural gas and 200 bbls/d of natural gas liquids (approximately 3,200 boe/d).

## Acquisition Highlights

- Access to Atlantic LNG: STCBL is a party to natural gas sales contracts for the Central block asset, providing access to both local and LNG world gas market pricing.
- Opportunity for Development: Touchstone has identified numerous infill well locations as well as a deeper Cretaceous prospect at Central block.
- Strategic Infrastructure: The midstream assets of STCBL include an 80 MMcf/d gas processing plant (the "Evergreen Facility"), field natural gas and liquids flowlines, and a gas export pipeline to both the domestic market and the Atlantic LNG facility.
- Increased Production: The Acquisition increases Touchstone's base net production by approximately 2,080 boe/d (94 percent natural gas) at current field estimated rates and provides incremental corporate cash flows.

Paul Baay, President and Chief Executive Officer, commented:

"We are pleased to enter into an agreement to purchase the Central block asset. The asset is a strategic fit with Touchstone's current land base and provides us access to world LNG prices for natural gas. The infrastructure associated with the assets provides processing and takeaway capacity for natural gas in the Herrera fairway. During 2025 we will consider pursuing an infill development drilling program at Central block and look to boost production and LNG sales."

## The Acquisition

The Central block assets include four wells in the Carapal Ridge, Baraka, and Baraka East liquids rich natural gas pools. In addition to existing low decline field production, the Central block asset base has facility optimization potential, infill drilling opportunities and exploration prospects.

STCBL holds three gas marketing contracts: one accessing the Trinidad domestic market, and two contracts

accessing the Atlantic LNG facility in Trinidad. The Central block is situated in the Herrera fairway and is contiguous with Touchstone's Ortoire block, providing strategic potential for natural gas egress and marketing options from future discoveries. Our Coho natural gas production is currently processed at Central block, and the Acquisition provides synergy potential for the field.

The Acquisition is subject to the fulfillment of certain conditions precedent and customary regulatory approvals, including the Company's ability to receive funding to complete the Acquisition. Hence, no assurances can be given that the Acquisition will ultimately be completed. Due to confidentiality terms in the agreement, Touchstone is not able to provide further information to the market on this Acquisition until the transaction is effectively closed, or terminated, as the case may be.

#### 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](http://www.touchstoneexploration.com) or contact:

Mr. Paul Baay, President and Chief Executive Officer

Mr. Scott Budau, Chief Financial Officer

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#### Advisories

#### AIM Rule 12 Disclosure

For the financial year ended December 31, 2023 and for the 11 months ended November 30, 2024, STCBL generated unaudited profits before taxation of \$15.2 million and \$1.1 million, respectively. STCBL's unaudited net assets at November 30, 2024 were \$30.9 million before any pre-Acquisition closing restructuring.

#### Currency

Unless otherwise stated, all financial amounts presented herein are stated in United States dollars.

#### 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" and similar expressions, or are events or conditions that "will", "would", "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, but is not limited to, forward-looking statements relating to: the anticipated purchase price, timing and ultimate completion of the Acquisition; the Company's expected financing for the Acquisition; the highlights of the Acquisition and its expected benefits and synergies; current field estimated net production rates from the Central block; expectations with regards to the potential for STCBL's portfolio to create facility optimization potential, infill drilling opportunities and exploration prospects; and the anticipated increase of capital expenditures, cash flows and production resulting from the Acquisition. 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 that 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 2023 Annual Information Form dated March 20, 2024 which is available under the Company's profile on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and on the Company's website ([www.touchstoneexploration.com](http://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.

## 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. We use 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 natural gas liquids, natural gas, and average daily field estimated 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 "natural gas liquids" refer to condensate; and references to "natural gas" refer to the "conventional natural gas" product type, all as defined in the instrument.

For further information regarding specific product disclosures in accordance with NI 51-101, please refer to the "Advisories - Product Type Disclosures" section in the Company's most recent Management's discussion and analysis for the three and nine months ended September 30, 2024 accompanying our September 30, 2024 unaudited interim condensed consolidated financial statements, both of which are available on our website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)) and under our SEDAR+ profile ([www.sedarplus.ca](http://www.sedarplus.ca)).

## Abbreviations

The following abbreviations are 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  
MMcf million cubic feet  
MMcf/d million cubic feet per day  
LNG liquefied natural gas

SOURCE: Touchstone Exploration, Inc.

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