

Touchstone Exploration Reports First Quarter 2026 Results and Operational Update

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CALGARY, May 14, 2026 - [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, 2026 and provides an operational update.

Selected financial information is outlined below and should be read in conjunction with Touchstone's March 31, 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.

First Quarter 2026 Financial and Operating Highlights

- Production growth: Average daily production increased 8% year-over-year to 4,657 boe/d, as production from the Central field (2,131 boe/d) successfully mitigated natural declines in legacy assets. Relative to the preceding quarter, average quarterly production decreased from 4,877 boe/d, primarily due to natural declines in mature crude oil and Ortoire natural gas volumes.
- Revenue and realized pricing: Petroleum and natural gas sales totaled \$12.5 million, a 14% increase from the \$11.0 million recorded in the previous quarter. This was driven by an 18% increase in realized natural gas prices and a 25% recovery in realized crude oil pricing, with March 2026 crude oil volumes averaging \$86.58 per barrel.
 - Crude oil sales: \$5.68 million from average production of 929 bbls/d at a realized price of \$67.94 per barrel.
 - NGL sales: \$1.50 million from average production of 422 bbls/d at a realized price of \$39.38 per barrel.
 - Natural gas sales: \$5.36 million from average production of 19.84 MMcf/d (3,306 boe/d) at a realized price of \$3.00 per Mcf.
- Operating netback: Realized an operating netback of \$13.73 per boe, a 46% improvement over the \$9.41 per boe recorded in the preceding quarter. This expansion reflected higher commodity pricing and stable royalty structures, which more than offset the increased operating cost base.
- Funds flow from operations: Increased to \$1.85 million from \$0.62 million in the previous quarter, primarily driven by a \$1.54 million increase in operating netbacks.
- Net income: Recorded a net loss of \$2.38 million (\$0.01 per basic share), a normalization from \$13.62 million in net income reported in the fourth quarter of 2025, which was skewed by \$14.53 million in one-time non-cash gains.
- Capital investments: Expenditures were focused on high-impact projects, including the FR-1835 crude oil development well, tie-in of the CR-3 natural gas development well, and the Cascadura compression project, totalling \$3.22 million for the quarter.
- Financial position: Ended the period with a net debt position of \$76.07 million.

Post Period-end Highlights

- Strategic infrastructure: Successfully delivered the Cascadura compressor to the facility in April, with commissioning expected in June 2026 to unlock further production capacity.
- WD-8 block drilling: Completed drilling the FR-1836 well ahead of schedule, with the well encountering an estimated 227 feet of net hydrocarbon pay.
- Production Update: In April 2026, the Company produced estimated average net production volumes of 4,677 boe/d, including average net natural gas sales volumes of 19.3 MMcf/d (3,221 boe/d) and average net crude oil and natural gas liquid sales volumes of 1,456 bbls/d.

Q1 2026 Financial and Operating Results Overview

Three months ended		
March 31, 2026	December 31, 2025	March 31, 2025
Operational		
Average daily production		
Crude oil (bbls/d)	996	1,162
NGLs (bbls/d)	413	39
Crude oil and NGLs (bbls/d)	1,409	1,201
Natural gas (Mcf/d)	20,805	18,698
Average daily production (Boe/d)	4,877	4,317
Production mix (% of production)		
Crude oil and liquids	29	28
Natural gas	71	72
Average realized prices		
Crude oil (\$/bbl)	54.57	63.86

NGLs (\$/boe)	30.30	64.05
Crude oil (\$/boe)	47.46	63.87
Natural gas (\$/Mcft)	2.54	2.50
Realized commodity price (\$/boe)	24.53	28.60
Operating netback (\$/boe)		
Realized commodity price	24.53	28.60
Royalty expense)	(7.15)	(7.25)
Operating expense)	(7.97)	(5.52)
Operating netback	9.41	15.83
Financial (\$000's except per share amounts)		
Petroleum and natural gas sales	11,001	11,113
Cash from operating activities	9,903	5,611
Funds flow from operations	623	2,580
Net (loss) income)	13,621	41
Per share - basic and diluted	0.04	0.00

Capital expenditures	7,443		6,673
Principal balance of bank debt	55,625	57,750	33,500
Principal balance of convertible debenture	12,500	12,500	-
Net debt	676,072	72,890	33,330
Share Information (000's)			
Weighted average shares outstanding			
Basic and diluted	324,734	304,674	236,461
Outstanding shares			
end of period	324,734	324,734	236,461

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

Carapal Ridge 3 (CR-3)

Since commencing production, the CR-3 well has delivered stable gross production rates of approximately 2.2 MMcf/d of natural gas and 14 bbls/d of condensate. Based on current well performance and flowing parameters, the well appears to be experiencing an inflow restriction. To optimize performance, the Company is awaiting the availability of equipment to complete a coiled tubing cleanout and acid stimulation aimed at enhancing reservoir inflow and well productivity.

Cascadura Infrastructure

The Cascadura compressor arrived in Trinidad on April 23, 2026. Installation is progressing, with commissioning targeted to commence in June 2026. The compressor is intended to alleviate production constraints associated with elevated sales pipeline pressures and is expected to enhance production rates and improve operational stability at the facility.

Oil Block Drilling

Following the successful drilling of FR-1835 on the WD-8 block in March 2026, drilling operations on FR-1836 commenced on March 26, 2026, with total depth reached on April 7, 2026. Wireline log analysis indicates approximately 227 feet of net hydrocarbon pay. Both wells were drilled ahead of schedule with turnkey drilling costs funded by the drilling operator. Completion operations are currently underway, and both wells are expected to be brought onstream imminently.

Liquidity and Recapitalization

As at March 31, 2026, the Company had a working capital deficit of \$22.2 million (excluding the convertible debenture maturing in 2028). Due to the current debt structure and projected 2026 covenant levels, the Company's March 31, 2026 unaudited interim condensed financial statements include a note regarding the existence of material uncertainties over its ability to continue as a going concern.

In the absence of mitigating actions, the Company's current cash resources and forecast cash flows from operations may not be sufficient to fund expected operating and development expenditures and scheduled bank debt repayments over the next twelve months.

Touchstone is actively executing a strategic recapitalization plan to address near-term liquidity and ensure the Company is funded for its high-growth development program, which includes:

- Debt restructuring: Constructive and ongoing discussions with our lender regarding loan amendments and waivers for the currently projected annual 2026 covenant breaches. The Company has a history of proactive engagement and receiving covenant waivers from its lender.
- Value-added tax recovery: Continuing engagement with the Trinidad and Tobago Government to collect outstanding value-added tax receivables (approximately \$10.1 million outstanding as at March 31, 2026).
- Operational cash-flow: Anticipated production growth as new wells and the compression project come online in 2026 and benefitting from strengthening commodity pricing.
- Equity initiatives: Evaluating strategic opportunities to strengthen the balance sheet and support future work commitments.

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:

Paul Baay, President and Chief Executive Officer Tel: +1 (403) 750-4487
Scott Budau, Chief Financial Officer
Brian Hollingshead, EVP Engineering and Business Development

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; anticipated developmental drilling and facility upgrade activities, including locations, the timing thereof and related production and cash flows therefrom; field estimated production rates; the expected timing and potential success of the coiled tubing cleanout and acid stimulation program at the CR-3 well and its impact on reservoir inflow and productivity; the anticipated timing for the completion, commissioning, and startup of the Cascadura compressor, including the project's impact on wellhead backpressure and overall production rates and operational stability; the estimated hydrocarbon net pay of the FR-1836 well based on internal interpretations of wireline logs, which may not be indicative of ultimate production or reserves; the anticipated timing for bringing wells FR-1835 and FR-1836 onstream; the Company's expectation of executing a recapitalization plan; the Company's ability to amend its current loan agreement and/or obtain future waivers for projected financial covenant breaches; and Touchstone's current and future financial position, including the Company's liquidity and the sufficiency of resources to fund current 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 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 2025 Annual Information Form dated March 30, 2026 which is available on the Company's profile on SEDAR+ (www.sedarplus.ca) and 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 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 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 months ended March 31, 2026 accompanying the March 31, 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 average daily production volumes. Under 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.

The Company's estimated average net production volumes for April 2026 consist of the following product types as defined in NI 51-101 using a conversion of 6 Mcf to 1 boe where applicable.

Light and Medium Crude Oil (bbls/d)	Condensate (bbls/d)	Other NGLs (bbls/d)	Conventional Natural Gas (Mcf/d)	Total Oil Equivalent (boe/d)
April 2026	158	317	19,325	4,677

For further information regarding specific product disclosures in accordance with NI 51-101, including first quarter 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 months ended March 31, 2026 accompanying the March 31, 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

LNG liquefied natural gas

NGL(s) natural gas liquid(s)

SOURCE: Touchstone Exploration, Inc.

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