

THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

#### PRELIMINARY 2025 GUIDANCE

CALGARY, ALBERTA (December 9, 2024) - Touchstone Exploration Inc. ("Touchstone", "we", "our" or the "Company") (TSX LSE: TXP) announces its preliminary annual 2025 capital budget and financial guidance.

**Paul Baay, President and Chief Executive Officer, commented:**

*"Our 2025 strategy focuses on driving sustainable growth by building on the success of our foundational Cascadura asset. We aim to fully leverage the extensive infrastructure and flowline installations completed in 2024 to unlock the field's potential. Our preliminary 2025 capital budget focuses on executing our "drill-to-fill" strategy, which involves drilling four gross Cascadura development wells to increase production and optimize asset performance. This approach will enable us to capitalize on the existing processing capacity established at our Cascadura facility.*

*We intend to fund this program through operating cash flows generated from our assets, complemented by a near-term increase in our debt facilities. With prudent financial management, we expect to exit 2025 with a net debt level consistent with that of 2024, demonstrating our commitment to maintaining financial stability.*

*I want to extend my gratitude to our employees, shareholders, and stakeholders for their unwavering support and trust. At Touchstone, we remain dedicated to delivering operational excellence, guided by a culture that prioritizes safety above all else. Building on the achievements of 2024 - including substantial production growth and the expansion of critical infrastructure to enhance operational efficiencies - we are excited to carry this momentum into 2025."*

#### 2025 Budget Highlights

- **Planned expansion of debt facilities** - We plan to increase our existing debt capacity by 10 million in the first quarter of 2025 to manage the forecasted timing of the 2025 capital program. No firm commitment is currently in place with our existing lender.
- **Capital budget allocation** - We project to invest approximately 23 million in capital expenditures for 2025. Of this, approximately 20 million is expected to be directed toward our Cascadura field. The remaining 3 million is allocated to exploration licence payments and well optimization operations across our crude oil properties.
- **Drilling operations** - To further optimize our existing Cascadura infrastructure, our preliminary 2025 capital budget includes the drilling of four gross (3.2 net) Cascadura development wells. Two wells are expected to be drilled from pad B in the first quarter of 2025, followed by two additional wells from pad C in the third quarter of 2025.
- **Production growth** - We project a mid-point annual average production of 7,000 boe/d for 2025, reflecting an estimated 19 percent increase from our latest 2024 guidance. Annual production is expected to range between 6,700 and 7,300 boe/d, with approximately 77 percent of production being natural gas.
- **Funds flow generation and balance sheet strength** - Our 2025 budget is projected to generate approximately 22 million in funds flow from operations. This will result in a net debt to annual funds flow from operations ratio of 1.36 times, well within the Company's internal target of 2.0 times or below. Net debt at the end of 2025 is expected to be comparable with our forecasted 2024 closing position, underscoring our commitment to maintaining financial discipline during a period of growth.

#### 2025 Budget and Guidance Overview

The preliminary 2025 capital budget and financial guidance presented herein is contingent on increasing the

Company's existing debt capacity by 10 million in the first quarter of 2025. Currently there is no firm commitment from our existing lender, and accordingly, the 2025 budget and preliminary guidance may be subject to change, and such changes may be material. The Company will provide further updates in due course.

Following a 2024 year of growth and land acquisitions, Touchstone's Board of Directors has approved a preliminary 2025 capital budget of 23 million to drill, complete, and tie-in four gross (3.2 net) Cascadura development wells. The Cascadura-4 development well, initially planned for December 2024, has been deferred to the first quarter of 2025 to align with our updated drilling schedule and represents one of the four gross Cascadura development wells.

The preliminary 2025 drilling program includes two gross Cascadura development wells to be drilled from the pad B location in the first quarter, with production expected to come online in the second quarter of 2025. Additionally, two more gross wells are planned for the third quarter from the Cascadura C site, with production anticipated to commence in the fourth quarter of 2025. These investments are expected to deliver 2025 annualized average daily production of 6,700 to 7,300 boe/d, with a production mix comprising approximately 77 percent natural gas and 23 percent crude oil and liquids.

Assuming a midpoint forecasted average production of 7,000 boe/d and an annual Brent benchmark price of 71.00 per barrel for crude oil and liquids, Touchstone anticipates generating approximately 22 million in funds flow from operations. With the approved 23 million capital budget, the Company projects exiting 2025 with a net debt of 30 million, resulting in a net debt-to-annual funds flow from operations ratio of 1.36 times, reflecting our commitment to balancing growth and financial discipline.

## 2025 Guidance Summary<sup>(1)</sup>

Annual Guidance	Year ending December 31, 2025
Capital expenditures <sup>(2)</sup> ( '000's)	23,000
Average daily production <sup>(3)</sup> (boe/d)	6,700 to 7,300
% natural gas <sup>(4)</sup>	77%
% crude oil and liquids <sup>(4)</sup>	23%
Funds flow from operations <sup>(5)</sup> ( '000's)	22,000
Net debt - end of year <sup>(2)(5)</sup> ( '000's)	30,000

### Notes:

- (1) Forward-looking statement representing Management estimates. Additional information regarding the assumptions used are provided in the "Advisories - Assumptions for 2025 Guidance" section herein.
- (2) Non-GAAP financial measure. See the "Advisories - Non-GAAP Financial Measures" section herein for additional information on the definitions and calculation of these measures.
- (3) In the table above and elsewhere in this announcement, references to "boe" mean barrels of oil equivalent that are calculated using the energy equivalent conversion method. See the "Advisories - Oil and Natural Gas Measures" section herein for further information.
- (4) See the "Advisories - Product Type Disclosures" section herein for further information.
- (5) The financial performance measures included in the Company's 2025 preliminary guidance are based on the midpoint of the average production forecast.

## Production Volumes

In November 2024, we attained average net sales volumes of 6,924 boe/d comprised of:

- average net natural gas sales volumes of 28 MMcf/d (4,668 boe/d); and
- average net crude oil and natural gas liquid sales volumes of 1,626 bbls/d.

## 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:

**Touchstone Exploration Inc.**

Paul Baay, President and Chief Executive Officer  
Scott Budau, Chief Financial Officer

Tel: +1 (403) 750-4405

**Shore Capital (Nominated Advisor and Joint Broker)**

Daniel Bush / Toby Gibbs / Tom Knibbs

Tel: +44 (0) 207 408 4090

**Canaccord Genuity (Joint Broker)**

Adam James / Charlie Hammond

Tel: +44 (0) 207 523 8000

**FTI Consulting (Financial PR)**

Nick Hennis / Ben Brewerton

Tel: +44 (0) 203 727 1000

Email: [touchstone@fticonsulting.com](mailto:touchstone@fticonsulting.com)

**Advisories**

This announcement contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR") as it forms part of UK domestic law by virtue of the EUWA ("UK MAR"), encompassing information relating to the Company's preliminary annual 2025 capital budget and financial guidance. For the purposes of UK MAR and Article 2 of the binding technical standards published by the Financial Conduct Authority in relation to MAR as regards Commission Implementing Regulation (EU) 2016/1055, the person responsible for the release of this announcement is Paul Baay, President and Chief Executive Officer.

**Currency**

All financial figures are stated in United States dollars unless otherwise noted.

**Working Interest**

Touchstone has an 80 percent operating working interest in the Cascadura field, which is located on the Ortoire block onshore in the Republic of Trinidad and Tobago. Heritage Petroleum Company Limited holds the remaining 20 percent working interest. All production volumes disclosed herein are based on Company working interest volumes before royalty burdens.

**Forward-looking Statements**

The information provided in this announcement 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", "plan", "anticipate", "believe", "intend", "maintain", "continue to", "pursue", "design", "result in", "sustain", "estimate", "potential", "growth", "near-term", "long-term", "forecast", "contingent" 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 announcement speak only as of the date hereof and are expressly qualified by this cautionary statement.

Specifically, this announcement includes, but is not limited to, forward-looking statements relating to: the Company's business plans, strategies, priorities and development plans; the Company's intention to expand its current credit capacity; the focus of Touchstone's preliminary 2025 capital plan, including pursuing developmental drilling activities and optimizing existing natural gas and associated liquids infrastructure capacity; anticipated 2025 capital expenditures including estimations of costs and inflation incorporated therein; expected drilling activities, including locations, production therefrom and the timing thereof; anticipated 2024 and 2025 annual average production and production by product type; forecasted production decline rates; forecasted 2025 average Brent reference price and the Company's budgeted realized price in relation thereto; forecasted 2025 royalty, operating, general and administration, cash finance and income tax expenses; anticipated 2025 funds flow from operations; anticipated 2024 and 2025 exit net debt; 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 that Touchstone will derive from them. The assumptions used to generate this forward-looking formation and statements include, among other things, the assumption that the Company will be able to increase its current credit capacity by 10 million in the first quarter of 2025.

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 announcement 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.

This announcement contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Touchstone's prospective results of operations and production included in its preliminary annual 2025 capital budget and financial guidance, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the paragraphs above. The FOFI contained in this announcement was approved by Management as of the date of this announcement and was provided for the purpose of providing further information about Touchstone's future business operations. This information has been provided for illustration only and, with respect to future periods, is based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Touchstone and its Management believe that FOFI has

been prepared on a reasonable basis, reflecting Management's best estimates and judgments, and represents, to the best of Management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. Touchstone disclaims any intention or obligation to update or revise any FOFI contained in this announcement, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this announcement should not be used for purposes other than for which it is disclosed herein, and the financial outlook information contained herein is not conclusive and is subject to change. Changes in the intended increase in the Company's credit facility and the timing thereof, variations in forecasted crude oil and liquids prices, differences in the amount and timing of capital expenditures, and variances in average production estimates and decline rates can have a significant impact on the key performance measures included in the guidance disclosed herein. Management does not have firm commitments for its intended increase in debt capacity nor for the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of the forecasted costs, expenditures, prices and operating results are not objectively determinable. The actual results of the Company's operations and the resulting financial results will vary from the amounts set forth in this announcement and such variations may be material.

### **Assumptions for 2025 Guidance**

The preliminary 2025 capital budget and financial guidance is predicated on the Company securing an increase of 10 million in its existing credit capacity during the first quarter of 2025. While discussions are underway, there is no assurance that the Company will successfully secure this increase, either in the amount or within the timeframe envisioned by Management. Consequently, the 2025 budget and preliminary guidance disclosed herein are subject to potential revision, and such revisions could be material.

Production estimates provided are expressed as anticipated average production over the 2025 calendar year. In formulating these estimates, Touchstone evaluated historical drilling, completion, and production results, as well as prior-year decline rates, while factoring in the expected impact of the Company's planned 2025 drilling, completion and well tie-in activities.

The key assumptions underpinning the forecast for average daily production, funds flow from operations, and net debt are outlined below. These metrics are based on the midpoint of 2025 average production guidance of 7,000 boe/d.

<b>Annual Production Guidance</b>	<b>Units</b>	<b>Year ending December 31, 2025</b>
<b>Midpoint average daily production</b>		
Light and medium crude oil	bbls/d	1,092
Heavy crude oil	bbls/d	8
Crude oil	bbls/d	1,100
NGLs	bbls/d	510
Crude oil and liquids	bbls/d	1,610
Conventional natural gas	Mcf/d	32,340
<b>Midpoint average daily production</b>	<b>boe/d</b>	<b>7,000</b>

<b>Annual Financial Guidance</b>	<b>Units</b>	<b>Year ending December 31, 2025</b>
Average Brent crude oil price	/bbl	71.00
% realized discount to Brent price	%	17
Average realized natural gas price	/MMbtu	2.29
Realized commodity price <sup>(1)</sup>	/boe	25.00
Expenses		
Royalties as a % of petroleum and natural gas sales <sup>(1)</sup>	%	21
Operating expenses <sup>(1)</sup>	/boe	4.30
General and administration expenses <sup>(1)</sup>	/boe	4.40
Cash finance expenses <sup>(1)</sup>	/boe	1.20
Current income tax expenses <sup>(1)</sup>	/boe	1.10

Note:

(1) Non-GAAP financial measure. See the "Advisories - Non-GAAP Financial Measures" section herein for further information.

Changes in the Company's available bank debt capacity, variations in forecasted crude oil and liquids prices, differences in the amount and timing of capital expenditures, and variances in average production estimates and decline rates can have a significant impact on the key performance measures included in the guidance disclosed herein. The actual results of the Company's operations and the resulting financial results will vary from the amounts set forth in this announcement and such variations may be material.

Using the midpoint of the Company's production guidance and holding all other assumptions constant, a 5/bbl

increase (decrease) in the forecasted average Brent crude oil price for 2025 would increase funds flow from operations by approximately 1.6 million (decrease by 1.6 million). Assuming capital expenditures and other variables are unchanged, the impact on funds flow from operations is estimated to result in an equivalent decrease (increase) in forecasted year end 2025 net debt.

### **Non-GAAP Financial Measures**

This announcement 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.

#### *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 a 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. The following table is a calculation of the Company's projected net debt to annual funds flow from operations ratio disclosed herein.

	<b>December 31, 2025 Guidance</b>
Net debt <sup>(1)(2)</sup> ( 000's)	30,000
Annual funds flow from operations <sup>(1)(2)</sup> ( 000's)	22,000
<b>Net debt to funds flow from operations ratio</b>	<b>1.36 times</b>

#### Notes:

- (1) Forward-looking statement representing Management estimates. Additional information regarding the assumptions used are provided in the "Advisories - Assumptions for 2025 Guidance" section herein.
- (2) The financial performance measures included in the Company's 2025 preliminary guidance are based on the midpoint of the average production forecast.

#### *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.

*Royalties as a percentage of petroleum and natural gas sales* - is comprised of royalties as determined in accordance with IFRS, divided by petroleum and natural gas sales as determined in accordance with IFRS.

*Operating expenses per boe* - is comprised of operating expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

*General and administration expenses per boe* - is comprised of general and administration expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

*Cash finance expenses per boe* - is comprised of cash finance expenses, divided by the Company's total production

volumes for the period. Cash finance expenses are calculated as net finance expenses as determined in accordance with IFRS, less accretion on bank debt and accretion on decommissioning obligations, both of which are non-cash in nature.

*Current income tax expense per boe* - is comprised of current income tax expenses as determined in accordance with IFRS, divided by the Company's total production volumes for the period.

For further historical 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 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)). Our Management's discussion and analysis 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.

### **Product Type Disclosures**

This announcement 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 announcement, 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.

For disclosure regarding the Company's estimated midpoint average daily 2025 annual production by product type, see the "Advisories - Assumptions for 2025 Guidance" section herein.

The Company's average production for November 2024 consist of the following product types as defined in NI 51-101 using a conversion of 6 Mcf to 1 boe where applicable.

Period	Light and Medium Crude Oil (bbls/d)	Heavy Crude Oil (bbls/d)	Natural Gas Liquids (bbls/d)	Conventional Natural Gas (Mcf/d)	Total Oil Equivalent (boe/d)
November 2024	1,198	62	366	28,010	6,294

For historical information regarding historical production 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)).

### **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.

### **Abbreviations**

The following abbreviations referenced in this announcement have the meanings set forth below:

bbls(s)	barrel(s)
bbls/d	barrels per day
Mbbls	thousand barrels
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
NGLs	natural gas liquids

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