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US 12.5M CONVERTIBLE DEBENTURE ISSUANCE

CALGARY, ALBERTA (August 13, 2025) - Touchstone Exploration Inc. (the "Company" or "Touchstone") announces that it has closed a private placement of a secured convertible debenture and warrants (the "Offering"), with Canadian private investor and existing shareholder, JJR Wood Holdings Inc. (the "Holder"), for gross proceeds of US 12,500,000. The Offering reflects the Company's ongoing commitment to advancing its strategic development initiatives.

Paul R. Baay, President and Chief Executive Officer, commented:

"This financing will provide the capital necessary to immediately restart drilling operations at Cascadura and subsequently bring new production online at the Cascadura facility. We are pleased to have secured continued support from both an existing shareholder and our Trinidad-based lender, reflecting confidence in our strategic direction and the quality of our asset base. This confidence is further demonstrated by the debenture's principal conversion price, set at the US dollar equivalent of C 0.30 per common share, representing a significant premium to the current share price."

Offering Terms

- **Offering Size:** US 12,500,000 through the issuance of a secured convertible debenture with an aggregate principal amount of US 12,500,000 (the "Debenture").
- **Interest Payments (Coupon) and Securities Offered:** The interest rate on the Debenture is 5 percent and the Company also issued 6,250,000 warrants (the "Warrants") to purchase common shares of the Company ("Common Shares") to the Holder as additional compensation.
- **Maturity:** 3-year term.
- **Conversion Price:** The Debenture is convertible into Common Shares at US 0.21813 (the "Conversion Price"), being the US equivalent of C 0.30 per Common Share based on the Bank of Canada exchange rate immediately prior to the issuance of the Debenture.
- **Warrants:** Each Warrant is exercisable at C 0.40 per Common Share for a period of two years.
- **Closing Date:** August 13, 2025, with an effective date for the Debenture of August 8, 2025. The net proceeds of the Debenture have been received by the Company.
- **Placement Fee:** 5 percent of the principal amount, payable to the Holder in cash on closing.
- **Conversion Limits:** Total Common Shares ultimately issuable in connection with the Offering (including upon conversion of the Debenture, any interest payments that may be paid in Common Shares, and the exercise of Warrants) are capped at 65,248,201, representing 24.99 percent of the currently outstanding Common Shares.
- **Ownership Restrictions:** The Holder may not convert the Debenture or receive interest in Common Shares if doing so would cause the Holder's ownership to exceed 19.9 percent of the outstanding Common Shares without prior Toronto Stock Exchange ("TSX") clearance and shareholder approval.
- **Change of Control:** In the event of a change of control, the Debenture may be redeemed for principal and accrued interest, though the Holder may convert prior to the closing of such transaction.
- **Listing:** Neither the Debenture nor the Warrants will be listed on any exchange; however, the Common

Shares issuable upon conversion or interest payment of the Debenture and/or exercise of the Warrants will be listed on the on the TSX and admitted to trading on the AIM market of the London Stock Exchange ("AIM").

- **Loan Agreement:** The Company has received written confirmation from Republic Bank Limited ("RBL") that the net proceeds of the Debenture satisfy an equivalent amount of the equity raise requirement under the Company's Fourth Amended and Restated Loan Agreement (the "Loan Agreement"). Consequently, the Company will need to raise a further US 7.3 million in equity (net of any selling commissions) before December 31, 2025 to fully meet its equity obligations under the terms of the Loan Agreement.

Use of Proceeds

Net proceeds from the Offering will be used to fund the following development activities and reduce outstanding accounts payable:

- immediate commencement of drilling the Cascadura-4ST2 development well; and
- complete and tie-in the Cascadura-4ST2 and Cascadura-5 wells.

Further information on the Debenture and the Warrants

The Company closed a US 12.5 million private placement consisting of the Debenture and the Warrants with a Canadian private investor on August 13, 2025. Net proceeds from the Offering are intended to fund the remainder of the Company's Cascadura 2025 development drilling program and to reduce outstanding accounts payable.

The Debenture has a three-year term and bears interest at a rate of 5 percent per annum, payable semi-annually. The Debenture is convertible into Common Shares of the Company at any time prior to maturity at the Conversion Price. At the Holder's option, interest may be paid in cash or in Common Shares, with the number of shares determined based on the market price of the Common Shares and prevailing exchange rate at the time of payment, subject to approval by the TSX.

The Debenture is secured by a perfected security interest over all present and after-acquired personal property of Touchstone Exploration Inc. This includes an Alberta law general security agreement and a Barbados law charge over the shares of the Company's subsidiary, Touchstone Exploration (Barbados) Ltd. The terms of the Debenture restrict Touchstone Exploration Inc. from granting liens over its property without the Holder's consent, other than customary permitted liens.

As part of the Offering, the Company issued the 6,250,000 Warrants, each exercisable to acquire one Common Share at an exercise price of C 0.40 per share for a period of two years from the date of issuance.

The Company has received written confirmation from RBL that the proceeds from the Offering satisfy an equivalent portion of the equity raise requirement pursuant to the Loan Agreement. As a result, the Company is required to raise an additional 7.3 million in net equity proceeds on or before December 31, 2025 to remain in compliance with the terms of the Loan Agreement.

The Debenture provide the funds required to recommence the Company's drilling program, and reduce the amount required to be raised under the Loan Agreement. The Company expects to satisfy the remainder of the fundraising requirement under the Loan Agreement by means of a further equity fundraising in 2025. That fundraising, together with the funds raised by the Debenture, are expected to satisfy the Company's near-term capital requirements, notwithstanding the shortfall in funds received under the private placement announced on May 8, 2025.

May 8, 2025 Private Placement

On June 30, 2025, Touchstone Exploration Inc. announced that £10,324,500 of the £15,375,000 gross proceeds had

not been received as of the TSXapproved closing deadline of June 27, 2025. As a result, the Company closed on £5,050,500 in gross proceeds and issued 24,636,585 Common Shares.

The Company has not received any further proceeds from the May 8, 2025, private placement to date. Accordingly, the Company believes there is a high level of uncertainty as to whether it will receive the outstanding balance of proceeds of £10,324,500 and has therefore completed the Offering to partially secure its near-term capital requirements.

The Company has reserved all rights in connection with the May 8, 2025 private placement and will assess its position, including any losses incurred as a result of defaulted placing commitments, following the completion of its 2025 financing activities.

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 www.touchstoneexploration.com or contact:

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Advisories**Currency**

For reference purposes in this announcement, one Canadian dollar ("C") has been translated into one United States dollar (" " or "US ") at a rate of 1.00 to 1.3753.

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, intentions, forecasts, estimates, expectations and objectives 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 words such as "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 announcement speak only as of the date hereof and are expressly qualified by this cautionary statement.

In particular, this announcement includes, without limitation, forward-looking statements regarding: the intended use of proceeds of the Offering; expected timing and execution of drilling and development activities; anticipated or possible conversion, interest payments in Common Shares, and/or exercise of the Debenture and the Warrants, as applicable; satisfaction of conditions under the Loan Agreement; and Touchstone's current and future financial position, including the Company's liquidity and the sufficiency of resources to fund 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 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 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 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.

Important Notice

No prospectus or admission document has been or will be filed, published or made available in connection with the matters described in this announcement. This announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of an offer to purchase or subscribe for, any securities of the Company in any jurisdiction, including the United Kingdom, Canada, the United States, Australia, Japan, the Republic of South Africa or any other jurisdiction where such offer or sale would be unlawful.

The securities referred to in this announcement, including the Debenture and the Warrants, are being offered by way of private placement and will not be offered to the public in the United Kingdom, Canada or any other jurisdiction. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred in the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

In Canada, the securities will not be qualified for sale to the public under a prospectus and have been offered only to the Holder in reliance on exemptions from the prospectus requirements of applicable Canadian securities laws. No securities commission or similar authority in Canada has reviewed or in any way passed upon the merits of the securities offered, nor has any such authority reviewed this announcement. Any representation to the contrary is an offence. The Company is relying on an exemption from the requirement to provide a prospectus under the Securities Act (Alberta), and as a consequence, certain protections, rights and remedies provided by that legislation, including statutory rights of rescission or damages, will not be available to investors.

The Debenture and Warrants are new securities for which there is no established trading market. No application has been or will be made to list the Debenture or Warrants on any exchange. However, the Company will take all

necessary steps to ensure that the Common Shares issuable upon conversion of the Debenture or upon exercise of the Warrants are listed on both the TSX and admitted to trading on AIM, subject to the rules and policies of each exchange.

The distribution of this announcement and the offering of securities may be restricted by law in certain jurisdictions. Persons into whose possession this announcement comes are required to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No reliance may or should be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not purport to be all-inclusive or to contain all the information that prospective investors may require. The contents of this announcement have not been approved by any securities regulatory authority. This announcement does not constitute a recommendation concerning any securities referred to herein.

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).

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