



Touchstone Exploration Inc

January 17 2019

Touchstone Exploration kicks off 2019 with a bang as it confirms potential of Ortoire project

- Trinidad's largest onshore independent oil producers
- Independent evaluation on Ortoire shows potential for a multi-year exploration campaign
- On track to reach near-term production target
- SP Angel analysts say Touchstone is laying the foundations for future growth

What Touchstone does:

Touchstone Exploration Inc (LON:TXP) is a Canadian-based oil and gas company focused on the exploration, development and production of onshore assets in Trinidad.

The group has been producing oil in Trinidad since 2010 and is now one of the largest onshore independent oil producers in the country.

The firm started off 2019 producing about 1,900 barrels of oil per day and is ramping up as it heads into the first quarter.

Last year was an active year for the company, having successfully drilled 11 wells and completed 28 well recompletions, and expects to maintain a similar pace in 2019.

What it owns:

Touchstone has production assets across 10 licence blocks in Trinidad, including 208 well locations over some 7,910 acres.

Across its portfolio, the company also has areas with exploration upside, through which it has earmarked potential growth projects.

Specifically, the Ortoire block covers a large area (about 55,000 acres). To date, the company has only scratched the surface and it has identified four 'high grade' exploration opportunities that could host some prospective resources in a range of 5.49m to 66.50m barrels of oil equivalent (boe), according to recent estimates provided by GLJ Petroleum Consultants Ltd.

Inflection points:

- **Ortoire block potential:** A prospect evaluation process undertaken by GLJ has shows there is potential for a multi-year exploration campaign. GLJ estimates the block's net present value amounts to US\$10.5m to US\$86.86m, including a 10% discount. Touchstone has received significant interest from third parties that wish to participate in the project.
- **Production on track:** The group expects to reach its near-term production target of 2,000 barrels per day in

Price: 16.5p

Market Cap: 2

Share Information

Code: TXP

Listing: AIM

52 week **High** **Low**
21.9p 10.275p

Sector: Energy

Website:

<https://www.touchstoneexploration.com>

Company Synopsis:

Touchstone Exploration Inc. is a Canadian-based, international upstream oil and gas company currently active in the Republic of Trinidad and Tobago. It is one of the largest independent onshore oil producers in Trinidad, with an experienced management and executive team that have a track record of delivering value to shareholders.

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- **Capital allocation:** Touchstone is considering capital allocation plans for development and exploration in 2019.

What analysts think:

Touchstone is laying the foundations for its future growth as it turns attention to exploration, according to analysts at SP Angel.

SP Angel said the recent independent evaluation on Ortoire provided by GLJ is a "significant milestone" as management focuses on establishing a solid cash producing foundation.

"While we don't doubt that the company will maintain significant resources on maintaining and growing its production portfolio, by increasing the focus to longer-term projects, the management is ensuring that the company has future beyond managing its decline curve," the broker said.

SP Angel noted that Touchstone is re-establishing balance to its portfolio and is taking steps to secure its continued growth.

"With the last run of announcements, the pattern that is being established, outlining management's approach, should be one that the company's owners appreciate."

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