

Touchstone Exploration Inc

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Touchstone Exploration shows substantial improvement in Trinidad performance

Touchstone Exploration Inc (LON:TXP, TSE:TXP) chief executive Paul Baay, in 2018's financial results statement, highlighted a substantial improvement in all key performance indicators during a year in which his company cemented its place as the most active onshore upstream group in Trinidad.

Production for the 12-month period averaged a rate of 1,718 barrels of oil per day, up 25% from 1,375 bopd in 2017.

Petroleum sales generated some US\$48.9m, up 53% from US\$32m a year before, as operating net-back similarly rose by 53% to US\$34.58 per barrel, from US\$22.56 in 2017, meanwhile, Touchstone's operating costs reduced by 4% and admin costs reduced \$3.

It generated some US\$10.79m of funds flow from operations, versus US\$3.1m in the prior year.

READ: Touchstone Exploration seeing production from all 11 wells drilled last year

Earnings before income taxes amounted to US\$11.86m, representing a 113% improvement on the US\$5.5m reported in 2017, and net earnings (after income and deferred taxes) were marked at US\$480,000 compared to a US\$947,000 loss in 2017.

Touchstone ended the year with some US\$4.84m of cash. At that time it also had a working capital deficit of US\$4.52m and a US\$15m principal term loan balance.

The company noted that this reflected the capital-intensive nature of its development activities.

During 2018, Touchstone green-lighted a US\$19m development programme which included the plan to drill eleven new wells, complete nine wells and perform 28 recompletions of existing well stock.

Measured approach to 2019 capital drilling program

Looking now into the current financial year, the company is looking at growth through exploration.

"Touchstone became the most active onshore upstream company in Trinidad, as we expanded our original drilling program and hit our initial production milestone of 2,000 barrels per day," Paul Baay said.

"We also displayed financial and operational discipline during 2018, allowing us to achieve a 53% annual increase in operating netback."

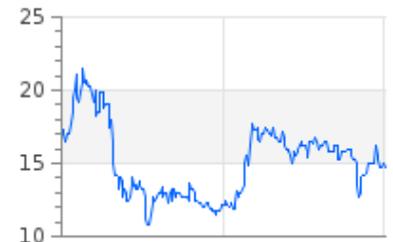
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Baay added: "Following the £3.8m private placement post-year-end, Touchstone is funded to commence drilling the

Price: £0.15

Market Cap: £23.7 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: TXP

Listing: AIM

52 week High Low
21.88 10.275

Sector: Energy

Website: 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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first exploration well on our Ortoire block where there is a significant opportunity to achieve a step-change in future reserves and production.

"We will take a measured approach to our 2019 capital drilling program as we focus on our exploration opportunities."

In a note to clients, analysts at 'house' broker Shore Capital said: "Following today's results, we will now revisit our forecasts and models but, in the meantime, our last published Risked NAV estimate stands at 35p/share and, at the prevailing share price, we continue to see an excellent opportunity for investors to gain exposure to this leading Trinidadian operator."

In afternoon trading, shares in Touchstone Exploration held steady at 12.25p.

-- Adds analyst comment, share price --

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