

Touchstone Exploration Inc

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Touchstone Exploration posts Q1 results, chief executive confident about strategy as gas production looms

Touchstone Exploration Inc (LON:TXP) (TSE:TXP) chief executive Paul Baay told investors that he remains confident about the long-term strategy, especially its focus on gas which provides greater security amidst crude market volatility as the firm reported first-quarter results.

The AIM-quoted firm earlier this month inked a framework agreement for the sale of natural gas and gas liquids produced from the Ortoire block, onshore Trinidad.

It followed breakthrough successes in the first two exploration wells drilled at Ortoire - Coho and Cascadura - and ahead of a third well, Chinook, which is planned for later in 2020.

Touchstone is presently projected to begin commercial production within Ortoire by October 2020.

READ: Touchstone inks gas sales agreement for Ortoire

In March, the company confirmed that the Cascadura-1ST1 well marked aggregate flow rates in excess of 10,000 barrels oil equivalent per day (boepd) after two tests took place across separate well sections, which followed tests on Coho that yielded a flow rate of 7,600 boepd.

Meanwhile, in its results statement, the company reported crude oil sales of 1,589 barrels per day (bopd) in the first quarter, compared to 1,690 bopd in the preceding three month period.

A prioritisation of capital towards Ortoire meant lower investment elsewhere and, as a result, the mature oil operations saw a natural decline.

Some US\$1.82mIn was invested in exploration activities during the quarter, and the group said it is presently making preparations for the Chinook well, slated for July.

"While there have been major sector challenges, I am pleased to report that Touchstone has continued to take several positive steps during the quarter," Baay said in the results statement.

"In addition to the successful production tests at Cascadura, we have made progress on tying in the Coho-1 gas well, and the \$10.85 million fundraising completed in February allows us to continue to prepare for drilling at our Chinook location, the third exploration well on the Ortoire block.

"With clear exploration targets, we remain confident about the long-term strategy of the company, especially given our increasing focus on natural gas, and the increased stability that this will give us from a financial perspective amidst a volatile crude oil market," he added.

Price: 111.5

Market Cap: £232.7 m

1 Year Share Price Graph



December 2019 June 2020 November 20

Share Information

Code: TXP

Listing: AIM

52 week High Low
120 13.27

Sector: Oil & Gas

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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In terms of financial results, Touchstone reported an average realised oil price of US\$46.10 per barrel, down 20% from US\$57.38 in the preceding three-month period. Certain field operations were restricted immediately as oil prices dropped by 44% in February and March.

Touchstone generated some US\$1.25m of funds from operations in the quarter, down 48% from the US\$2.43m seen in the comparative period of 2019.

The company recognised some US\$19.21m of non-cash impairment charges during the period, due to materially lower forward crude oil forecasts, offset by a deferred income tax recovery of US\$10,07m.

It reported a US\$9.24m net loss, widening from a US\$185,000 loss seen in the first quarter of 2019. Touchstone ended March with US\$12.21m of cash and US\$5.24m of net debt.

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