

Touchstone raises US\$12.5m to restart drilling at Cascadura

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TOUCHSTONE Exploration Inc has raised US\$12.5 million through a private placement with Canadian investor JJR Wood Holdings Inc, securing fresh capital to restart drilling at its flagship Cascadura project onshore Trinidad.

According to Touchstone, the offering reflects its ongoing commitment to advancing its strategic development initiatives.

Touchstone's president and chief executive officer Paul R Baay said: '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 Can\$0.30 per common share, representing a significant premium to the current share price,' Baay stated. The debenture has a three-year term and bears interest at a rate of 5% per annum, payable semi-annually. Touchstone said the funds will go toward immediately spudding the Cascadura-4ST2 development well and completing and tying in both the Cascadura-4ST2 and Cascadura-5 wells. '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 US\$7.3 million in net equity proceeds on or before December 31, 2025 to remain in compliance with the terms of the loan agreement,' Touchstone stated.

'The debenture provides the funds required to recommence the company's drilling programme, 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,' it stated. 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 TSX approved 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 announced that it 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,' it stated.

According to its financial statements for the half-year ended June 30, 2025, Touchstone stated that it averaged 4,399 boe/d in the second quarter of 2025 (69% natural gas), compared to 4,317 boe/d (72% natural gas) in the first quarter of 2025 and 5,432 boe/d (77% natural gas) in the second quarter of 2024.

'Second quarter 2025 volumes include approximately 1.5 months of production from the Central block acquisition, which contributed approximately 1,910 boe/d over the post-acquisition period', it stated.

Touchstone stated that it remains focused on capital discipline and maximising value from its core development and exploration assets.

Touchstone stated that its nearterm strategy prioritises enhancing operating cash flows through disciplined development drilling and the execution of targeted projects.

'The company now plans to fund its 2025 capital programme primarily through net proceeds from the May 2025 private placement and the offering, supplemented by an additional equity financing of approximately \$7.3 million, expected to close before the end of 2025, to satisfy obligations under the loan agreement. This approach replaces the original plan to fund the programme through expanded credit facilities, which were utilised to finance the Central block acquisition,' it stated. In May, Touchstone completed the acquisition of Shell Trinidad Central Block Ltd, adding approximately 1,910 boe/d of liquids-rich natural gas production and providing access to global LNG pricing.

'The preliminary 2025 capital programme contemplated four Cascadura development wells at Cascadura. The updated programme replaces two of these wells with one development well on the Central block and two development wells at the WD-8 property. In addition, approximately \$2.6 million in capital expenditures are expected in the second half of 2025 for a Cascadura facility compression project, scheduled for completion in the second quarter of 2026,' it stated.

'As a result of the Central block acquisition and the deferral of drilling the two initial Cascadura wells, the midpoint of the 2025 production forecast has been reduced by approximately 20%, and expected funds flow from operations has

decreased by 50%. Forecast year-end net debt is expected to increase by 113%, primarily reflecting the \$30 million term loan facility used to finance the acquisition and proceeds from the offering to support development activities,' Touchstone stated.