

Touchstone closes acquisition of Shell's Central Block

TOUCHSTONE Exploration has completed its acquisition of Shell's interest in the Central Block in Trinidad and Tobago, securing a 65% operating stake in the onshore asset for US\$28.4 million in cash, subject to final closing adjustments.

The acquisition was initially announced on December 13 last year when Touchstone announced that it had entered into an agreement with BG Overseas Holdings Limited to acquire all the share capital of Shell Trinidad Central Block Ltd (STCBL).

'The closing of this acquisition marks a significant milestone for Touchstone as we continue to expand our portfolio of high-quality assets in Trinidad. This transaction strengthens our production base, allows us access to the liquefied natural gas market, broadens our onshore presence, and enhances our operational capacity in a region where we see long-term strategic value. We look forward to integrating these assets and unlocking their full potential for the benefit of our shareholders and stakeholders,' Touchstone's president and chief executive officer Paul Baay stated.

To finance this acquisition, Touchstone secured a new US\$30 million six-year non-revolving term loan facility.

The loan agreement includes revised financial covenants and a two-year extension of the maturity date of the existing revolving loan facility.

Touchstone intends to fully draw the US\$30 million under the new term facility to finance the acquisition and meet obligations under the amended lending arrangements.

The Central block licence encompasses approximately 6,699 gross acres (4,354 net working interest acres).

It is located in the Herrera geological fairway adjacent to the company's existing Ortoire block operations, 'providing strategic potential for natural gas egress and marketing options from future discoveries,' Touchstone stated.

Current gross production from the Central block is approximately 18.0 MMcf/d of natural gas and 200 bbls/d of natural gas liquids (approximately 3,200 boe/d).

Touchstone said it will provide an updated corporate presentation and revised 2025 guidance as the integration of the acquired assets progresses **Acquisition Highlights Access to Atlantic LNG:** STCBL is a party to natural gas sales contracts for the Central block asset, providing access to both local and LNG world gas market pricing.

Opportunity for Development:

Touchstone has identified numerous infill well locations as well as a deeper Cretaceous prospect at Central block.

Strategic Infrastructure: The midstream assets of STCBL include an 80 MMcf/d gas processing plant (the 'Evergreen Facility'), field natural gas and liquids flowlines, and a gas export pipeline to both the domestic market and the Atlantic LNG facility.

Increased Production: The Acquisition increases Touchstone's base net production by approximately 2,080 boe/d (94 percent natural gas) at current field estimated rates and provides incremental corporate cash flows.

The acquisition

The Central block assets include four wells in the Carapal Ridge, Baraka, and Baraka East liquids rich natural gas pools.

In addition to existing low decline field production, the Central block asset base has facility optimization potential, infill drilling opportunities and exploration prospects.

STCBL holds three gas marketing contracts: one accessing the Trinidad domestic market, and two contracts accessing the Atlantic LNG facility in Trinidad.

'Our Coho natural gas production is currently processed at Central block, and the Acquisition provides synergy potential for the field,' Touchstone stated.

The remaining 35% interest in the Central Block is held by state-owned Heritage Petroleum Company Ltd.