



PETROBANK AND TOUCHSTONE TO COMBINE TO CREATE A HIGH GROWTH, FULLY CAPITALIZED OIL COMPANY

Calgary, Alberta – March 6, 2014 – Petrobank Energy and Resources Ltd. (TSX: PBG) (“Petrobank”) and Touchstone Exploration Inc. (TSX-V: TAB) (“Touchstone”) are pleased to announce that they have entered into an agreement (the “Arrangement Agreement”) that provides for the combination of Petrobank and Touchstone to create a well-capitalized, oil focused Company with high growth potential. The combination of Petrobank and Touchstone will be effected by way of a plan of arrangement (the “Arrangement”) under the Business Corporations Act (Alberta) and will result in the combined Company carrying on business under the name Touchstone Exploration Inc. (“New Touchstone” or the “Company”) which will continue trading on the Toronto Stock Exchange.

Pursuant to the Arrangement, all of the issued and outstanding common shares of Touchstone (the “Touchstone Shares”) will be exchanged for common shares of Petrobank (the “Petrobank Shares”) based on an exchange ratio of 0.471 of a Petrobank Share for each Touchstone Share held. The Arrangement represents a market to market business combination based on Petrobank and Touchstone’s 20-day volume-weighted average trading prices ended March 5, 2014.

The integration of the operations of Petrobank and Touchstone will allow the combined Company to execute an expanded capital program in the Republic of Trinidad and Tobago (“Trinidad”) and will position New Touchstone to increase shareholder value through improved netbacks, increased cash flow, and superior capital efficiencies. The Company will have significant financial resources, proven operational expertise and a high quality asset base characterized by large oil in place, low declines and an extensive inventory of low risk drilling, workover and reactivation opportunities.

The respective boards and management of Petrobank and Touchstone believe that the Arrangement will provide significant benefits to their shareholders, and New Touchstone is expected to:

- Substantially grow production and cash flow through an expanded and internally funded capital program focused on low-risk drilling and reactivation opportunities in established fields;
- Generate attractive after-tax operating cash flows while maintaining a focus on technology to improve oil recovery and economic returns;
- Benefit from an experienced board of directors and technology-focused management team with a proven track record of building value;
- Become one of the most active independent oil producers in Trinidad with assets focused in several large, high quality reservoirs with significant original oil in place and an extensive inventory of low risk development opportunities;
- Have Canadian heavy oil assets focused in two concentrated areas in Alberta and Saskatchewan with significant resource potential;
- Realize efficiencies in corporate overhead costs through consolidation and optimization of operations;
- Provide significant financial flexibility and improved cost of capital with the ability to grow production organically and through further strategic acquisitions; and
- Provide shareholders with enhanced liquidity.

Further, the Company will have the following key characteristics:

- A strong balance sheet at closing of the Arrangement with estimated cash and marketable securities of \$45 million, consisting of \$25 million of cash and 3.5 million Lightstream Resources Ltd. shares with a value of \$20 million based on its March 5, 2014 closing price, resulting in positive working capital of \$10 million and zero net debt;
- Production of over 2,000 barrels of oil per day (100% oil);
- Total Proved plus Probable reserves of 11.0 MMbbl (net), generating a reserve life index of over 15 years based on independent reserves evaluations; and
- Total Possible reserves of 2.9 MMbbl (net) and best estimate Contingent Resources of 68.7 MMbbl (net) based on independent reserves and resources evaluations.

Petrobank and Touchstone believe that New Touchstone will be in a strong financial position and will focus on the accelerated development of our 18,000 acre on-shore oil resource base in Trinidad. We have currently identified over 130 low risk development drilling locations as well as numerous workover and reactivation opportunities in our 11 producing properties in Trinidad. Petrobank and Touchstone believe that oil investment in Trinidad provides for compelling economics in the current environment due to Brent-linked oil prices, significant resource exposure and an established petroleum infrastructure and regulatory environment. New Touchstone's operations will utilize Canadian technology and expertise to improve and enhance oil recovery and are expected to generate attractive after-tax operating cash flows and yield increased economic returns.

John D. Wright, Chief Executive Officer and Chairman of Petrobank states "*the combination with Touchstone provides an exciting world class development platform that can apply Petrobank's heavy oil expertise and provide shareholders with exposure to an international portfolio of large resource opportunities*".

New Touchstone will be led by a combination of the existing management team and board of directors of Petrobank and Touchstone. Paul R. Baay, current Chief Executive Officer and Chairman of Touchstone will be appointed President, Chief Executive Officer and director of New Touchstone.

Paul R. Baay, Chief Executive Officer and Chairman of Touchstone, said "*the heavy oil expertise along with the strong balance sheet of Petrobank will allow New Touchstone to take the project in Trinidad from the proof of concept stage to full development along with future exploration potential*".

Upon completion of the Arrangement, the Company's board of directors will be comprised of four members from Petrobank's board and three members from Touchstone's board. John D. Wright will be nominated as Chairman of New Touchstone.

Guidance:

Petrobank and Touchstone expect New Touchstone to target future production per share growth in excess of 20%, while maintaining a strong balance sheet, through low risk development drilling, workovers and reactivations, as well as drilling and operational improvements through the application of Canadian technologies to the Trinidad properties.

The Company will also assess all alternatives to maximize the value of our Canadian assets, including initiating cyclic steam stimulation production at the Dawson property, which has been proven to be effective in the offsetting acreage by other operators in the same reservoir, continuing our commitment to eliminate the negative operating cash flows from the Kerrobert THAI® project by mid-2014 and pursuing opportunities on our large Saskatchewan resource base. In addition, New Touchstone will continue to pursue accretive, opportunistic acquisitions as part of our ongoing strategy.

The Arrangement:

Completion of the Arrangement is subject to the satisfaction of a number of conditions, including the receipt of requisite shareholder, court, regulatory and stock exchange approvals, and satisfaction of certain other closing conditions that are customary for a transaction of this nature. The Arrangement requires approval by not less than 66⅔% of the votes cast by Touchstone Shareholders, voting in person or by proxy, at a special meeting expected to be held on or about April 28, 2014 (the "Touchstone Meeting"). The Arrangement also requires the approval of the Court of Queen's Bench of Alberta. Petrobank intends to hold its Annual General and Special Meeting on or about April 28, 2014 (the "Petrobank Meeting") to approve the issuance of Petrobank Shares under the Arrangement, election of a board of directors, and a change of corporate name to Touchstone Exploration Inc. Petrobank and Touchstone also intend for New Touchstone to undertake a two for one share consolidation post closing of the Arrangement, subject to approval of the shareholders of Petrobank ("Petrobank Shareholders") at the Petrobank Meeting.

Under the terms of the Arrangement Agreement, each of Petrobank and Touchstone has agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets unless approved by the other party. Touchstone and Petrobank have granted each other the right to match any superior proposals. The Arrangement Agreement also provides for a reciprocal non-completion fee of \$1 million under certain circumstances plus reimbursement of reasonable costs up to \$1 million. For more information on the Arrangement and the Arrangement Agreement, please refer to the full Arrangement Agreement, a copy of which will be filed by each of Petrobank and Touchstone on SEDAR and will be available for viewing under their respective profiles on www.sedar.com.

The Arrangement is intended to be structured as a tax deferred rollover for Touchstone Shareholders.

The mailing of a joint information circular to the Touchstone Shareholders and Petrobank Shareholders in connection with the Touchstone Meeting and the Petrobank Meeting is expected to occur in early April, 2014. The closing of the Arrangement is expected to occur on or about April 30, 2014, provided that all shareholder, court, stock exchange and regulatory approvals are obtained.

Board Recommendations:

FirstEnergy Capital Corp. acted as financial advisor to Petrobank in connection with the Arrangement and has provided the board of directors of Petrobank (the "Petrobank Board") with its verbal opinion that, as of the date hereof, subject to receipt and review of the final documentation related to such opinion and the Arrangement, and certain assumptions, limitations and qualifications contained therein, the consideration to be offered by Petrobank pursuant to the Arrangement is fair, from a financial point of view, to Petrobank Shareholders.

The Petrobank Board has unanimously approved the Arrangement Agreement and, based on a number of factors, including the fairness opinion of FirstEnergy Capital Corp., determined that the Arrangement is in the best interests of Petrobank, is fair to the Petrobank Shareholders and unanimously resolved to recommend that the Petrobank Shareholders vote in favour of the matters to be voted on at the Petrobank Meeting. Petrobank directors and officers have each agreed to vote in favour of the matters to be voted on at the Petrobank Meeting.

Scotiabank acted as financial advisor to Touchstone in connection with the Arrangement and has provided the board of directors of Touchstone (the "Touchstone Board") with its verbal opinion that, as of the date hereof, subject to receipt and review of the final documentation related to such opinion and the Arrangement, and certain assumptions, limitations and qualifications contained therein, the consideration to be received by the Touchstone Shareholders is fair, from a financial point of view, to the Touchstone Shareholders.

The Touchstone Board has approved the Arrangement Agreement and, based on a number of factors, including the fairness opinion provided by Scotiabank, determined that Arrangement is in the best interests of Touchstone, is fair to Touchstone Shareholders, and resolved to recommend that Touchstone Shareholders

vote in favour of the Arrangement. Touchstone directors and officers have each agreed to vote in favour of the Arrangement at the Touchstone Meeting.

Investor Conference Call

Management of Petrobank and Touchstone plan to hold a joint conference call for investors of both companies, financial analysts, media and any interested persons on Friday, March 7, 2013 at 9:30 a.m. Mountain Time (11:30 a.m. Eastern Time) to discuss the Arrangement. The investor conference call details are as follows:

Participant dial-in number(s): 416-695-7806 / 888-789-9572

Participant pass code: 5060806

Replay dial-in number(s): 905-694-9451 / 800-408-3053

Replay pass code: 5182105

The live audio webcast link is: <http://www.gowebcasting.com/5315>.

Petrobank Energy and Resources Ltd. is a Calgary-based oil and natural gas exploration and production company with operations in western Canada. Petrobank is applying our patented THAI® heavy oil recovery process in the field. THAI® is an evolutionary in-situ combustion technology for the recovery of bitumen and heavy oil. THAI® is a registered trademark of Archon Technologies Ltd., a wholly-owned subsidiary of Petrobank Energy and Resources Ltd., for specialized methods for recovery of oil from subterranean formations through in-situ combustion techniques and methodologies with or without upgrading catalysts.

Touchstone Exploration Inc. is engaged in the business of acquiring interests in petroleum and natural gas rights, and the exploration, development, production and sale of petroleum and natural gas internationally. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago. The company's common shares are traded on the TSX Venture Exchange under the symbol "TAB".

FOR FURTHER INFORMATION PLEASE CONTACT:

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John D. Wright, Chairman and Chief Executive Officer, or
Peter Cheung, Vice President Finance and Chief Financial Officer
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Touchstone Exploration Inc.
Mr. Paul R. Baay, Chairman and Chief Executive Officer, or
Mr. Scott Budau, Chief Financial Officer
Tel: (403) 992-8407

The Proxy Solicitation and Information Agent:
Kingsdale Shareholder Services
1-800-775-1986
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Advisory

Reserves Data:

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The recovery and reserve estimates of oil reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

Possible Reserves: *Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.*

Resources and Contingent Resources: *In this press release, we have disclosed estimated volumes of "contingent resources". "Resources" are oil and gas volumes that are estimated to have originally existed in the earth's crust as naturally occurring accumulations but are not capable of being classified as "reserves". "Contingent resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies at both Dawson and on the Luseland lands include current uncertainties around the specific scope and timing of the development of the projects; lack of regulatory approvals; uncertainty regarding marketing plans for production from the subject area; and need for improved estimation of project costs. Contingent resources do not constitute, and should not be confused with, reserves. There is no certainty that it will be commercially viable to produce any portion of the contingent resources on the Luseland or Dawson lands.*

Reserves and resources information in this press release are based on independent reserves and resources evaluation of McDaniel & Associates Consultants Ltd. Report dated March 6, 2014 of the crude oil, natural gas liquids and natural gas reserves and resources of Petrobank as at December 31, 2013, the independent reserves and resources evaluation of Sproule Associates Limited dated March 6, 2014 of the crude oil, natural gas liquids and natural gas reserves and resources of Petrobank as at December 31, 2013 and the independent reserves evaluation of GLJ Petroleum Consultants Ltd. dated January 20, 2014 evaluating Touchstone's crude oil, natural gas liquids and natural gas reserves as at September 30, 2013.

Certain volumes provided in this news release represent a pro forma arithmetic sum of multiple estimates of proved plus probable reserves for New Touchstone, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of reserves and appreciate the differing probabilities of recovery associated with each class as explained in the annual oil and gas disclosure filings of Petrobank and Touchstone (available on www.sedar.com) and the affects of arithmetic aggregation. Factors that could affect the accuracy of the reported pro forma aggregated reserves estimates for New Touchstone include company level differences in evaluation effective dates, reservoir characteristics and pricing assumptions.

Forward-Looking Statements: *Certain information provided in this press release constitutes forward-looking statements and information within the meaning of applicable securities laws. Specifically, and without limitation, this press release contains forward-looking statements and information relating to: the anticipated benefits of the Arrangement to Petrobank, Touchstone, the Petrobank Shareholders and the Touchstone*

Shareholders including anticipated synergies that will result from the Arrangement and the key characteristics of New Touchstone; the anticipated timing of the mailing of the joint information circular regarding the Arrangement to the Petrobank Shareholders and the Touchstone Shareholders; the anticipated timing for the holding of the Petrobank Meeting and the Touchstone Meeting and the anticipated timing for the closing of the Arrangement.

In respect of the forward-looking statements and information set out in this press release, Petrobank and Touchstone have provided such in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to prepare and mail securityholder meeting materials, including the required joint information circular; the ability of the parties to receive, in a timely manner, the necessary regulatory, court, securityholder, stock exchange and other third party approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement; and expectations and assumptions concerning, among other things: commodity prices and interest and foreign exchange rates; planned synergies, capital efficiencies and cost-savings; applicable tax laws; future production rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services. The anticipated dates provided may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary securityholder, regulatory, court, stock exchange or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which Petrobank and Touchstone operate in general such as: operational risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; environmental risks; competition; failure to realize the anticipated benefits of the Arrangement and to successfully integrate Petrobank and Touchstone; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws and environmental regulations. Risks and uncertainties inherent in the nature of the Arrangement include the failure of Petrobank or Touchstone to obtain necessary securityholder, regulatory, court, stock exchange and other third party approvals, or to otherwise satisfy the conditions to the Arrangement, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of Petrobank or Touchstone to otherwise satisfy the conditions to the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, are included in reports on file with applicable securities regulatory authorities, including but not limited to; Petrobank's Annual Information Form for the year ended December 31, 2012 and Touchstone's Annual Information Form for the year ended September 30, 2013 each of which may be accessed on Petrobank's and Touchstone's SEDAR profile, respectively, at www.sedar.com.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

This announcement is not intended to be and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or the solicitation of an offer to buy or subscribe for any securities pursuant to the Arrangement or otherwise, nor shall there be any purchase, sale or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

The distribution of this announcement in jurisdictions or into certain jurisdictions may be restricted by the laws of those jurisdictions. The Arrangement is being structured such that the securities issued pursuant to the Arrangement will be exempt from applicable provincial prospectus and registration requirements in Canada, and, assuming receipt of the necessary shareholder and court approvals, the securities issued pursuant to the Arrangement will not require registration (and will not be registered) under the U.S. Securities Act, in reliance on the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act, and cannot be offered or sold in the U.S. without registration under the U.S. Securities Act or an applicable exemption from registration.



PETROBANK

STRENGTH IN OUR RESOURCES

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