



TOUCHSTONE ANNOUNCES 2014 SECOND QUARTER RESULTS

Calgary, Alberta – August 14, 2014 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX: TXP) is pleased to announce our financial and operating results for the three and six months ended June 30, 2014 (“second quarter” or “Q2 2014”). Tabular amounts herein are in thousands of Canadian dollars and amounts in text are rounded to thousands of Canadian dollars unless otherwise stated.

As a result of the business combination discussed below, second quarter 2014 results includes the Trinidad based operations of Old Touchstone as of May 14, 2014. Petrobank Energy and Resources Ltd. was the acquirer, and as such, all comparative information represents historical Petrobank Energy and Resources Ltd. results. Our Canadian properties are in the exploration and development phase and accordingly, all directly attributable expenses, net of revenues, are capitalized. Therefore, it is important to note that throughout this press release, operational results such as revenue, royalties, and production expenses related to Canadian properties may be referenced but are capitalized for financial reporting purposes and thus do not appear in the consolidated statements of operations.

Financial and Operational Highlights

- Closed the business combination of Petrobank Energy and Resources Ltd. and Touchstone Exploration Inc. on May 13, 2014;
- Achieved average second quarter oil production of 1,220 barrels per day as Trinidad production averaged 1,574 barrels per day over the 48 day post acquisition period within the quarter;
- Generated second quarter net income of \$2,751,000 (\$0.05 per basic and diluted share) versus a loss of \$3,967,000 recorded in the first quarter of 2014 and a loss of \$4,151,000 in the comparative 2013 period;
- Commenced the 2014 Trinidad drilling program and participated in drilling four (3.16 net) wells;
- Realized positive Q2 2014 operating netbacks at our Kerrobert, Saskatchewan operations for the first time in Company history;
- Repaid a combined \$23,863,000 in convertible debenture and long-term debt amounts acquired in the business combination;
- Generated Trinidad adjusted funds flow from operations of \$1,744,000 or \$23.08 per barrel in the quarter as adjusted for non-recurring operating costs of \$1,276,000 (unadjusted - \$468,000 or \$6.19 per barrel); and
- Achieved July production of 2,340 average barrels per day of which 1,795 barrels per day was Trinidad based and 545 barrels per day was from Canadian operations.

Corporate Acquisition

On May 13, 2014, Petrobank Energy and Resources Ltd. completed a court-approved statutory plan of arrangement (the “Arrangement”) of the acquisition of Touchstone Exploration Inc. (“Old Touchstone”). Pursuant to the Arrangement, the Company acquired all of the outstanding common shares of Old Touchstone in exchange for the issuance of 65,519,212 pre-consolidation (32,759,606 post consolidation) Company common shares. Following the arrangement, the Company consolidated its shares on a two for one basis, Petrobank Energy and Resources Ltd. changed its name to Touchstone Exploration Inc. and Old Touchstone changed its name to Touchstone Energy Inc.

Old Touchstone was engaged in the exploration, development and production of oil in Trinidad. At the acquisition date, the acquired assets included approximately 1,600 barrels per day of existing oil production from 10,205 working interest acres of developed land and approximately 50,000 working interest acres of undeveloped land in Trinidad. The producing assets are characterized by large oil in place, low declines and an extensive inventory of low risk drilling, workover and reactivation opportunities. The integration of the operations allows the Company to execute an expanded capital program in Trinidad and positions the Company to increase shareholder value through improved netbacks, increased cash

flow, and superior capital efficiencies. The Company will leverage the application of proven Western Canadian production technologies to the large defined Trinidad resource base.

Second Quarter Financial Summary

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Operational				
Corporate average daily oil production (bbls/day)	1,220	191	807	217
Trinidad operating netback ¹ (\$/bbl)				
Reference price – Brent	119.55	105.63	119.27	109.48
Petroleum sales	104.02	-	104.02	-
Royalties	(36.53)	-	(36.53)	-
Net sales	67.49	-	67.49	-
Adjusted operating expenses ³	(26.98)	-	(26.98)	-
Adjusted operating netback	40.51	-	40.51	-
Financial (\$000's except per share amounts)				
Trinidad petroleum sales	7,861	-	7,861	-
Corporate net income (loss)	2,751	(4,151)	(1,216)	(7,159)
Per share – basic and diluted ²	0.05	(0.09)	(0.02)	(0.15)
Corporate funds flow from operations ¹	(4,007)	(1,777)	(6,121)	(4,469)
Per share – basic and diluted ^{1,2}	(0.07)	(0.04)	(0.11)	(0.09)
Exploration asset expenditures	3,189	3,050	9,000	11,472
Property and equipment expenditures	7,797	73	7,816	124
Total assets (end of period)	182,984	147,249	182,984	147,249
Working capital (end of period)	9,728	71,020	9,728	71,020
Total debt ¹ (end of period)	1,338	2,004	1,338	2,004
Weighted average shares outstanding ²				
Basic	60,773,547	48,795,069	54,794,161	48,796,682
Diluted	61,029,289	48,795,069	54,970,733	48,796,682
Outstanding shares (end of period) ²	81,738,643	48,718,912	81,738,643	48,718,912

¹See "Non-GAAP Measures"

²All current and comparative share amounts have been adjusted to reflect the two for one common share consolidation completed on May 13, 2014.

³Adjusted for a \$1,276 one-time non-cash operating expense to reflect the value of crude oil inventory that was accounted for at its fair value in the business combination.

Production for the three months ended June 30, 2014 was 1,220 barrels per day (100 percent oil). Trinidad production contributed 830 barrels per day, as the operations averaged 1,574 barrels per day over the 48 day post acquisition period within the quarter. Canadian production remained consistent on a quarter-over-quarter basis and increased 104 percent from the comparative 2013 period.

Negative funds flow from operations in the second quarter of 2014 was \$4,007,000 (\$0.07 per share basic and diluted) compared to \$2,114,000 (\$0.04 per share basic and diluted) in the previous quarter and \$1,777,000 (\$0.04 per share basic and diluted) in the comparative 2013 quarter. Transaction costs of \$2,295,000 related to the acquisition were recorded in the quarter and included in operating expenses was a \$1,276,000 non-cash charge to reflect the value of crude oil inventory that was accounted for at its fair value at the acquisition date. Net of these non-recurring expenses, second quarter negative funds flow from operations was \$436,000.

Canadian exploration asset expenditures were \$2,425,000 in the quarter versus \$5,811,000 in the previous quarter. Capitalized losses decreased from \$3,338,000 recognized in the first quarter to \$387,000 in the second quarter. Combined Kerrobert and Luseland operating earnings of \$673,000 were offset by Dawson operating losses of \$1,060,000 recognized in the quarter. Dawson losses were incurred due to operating costs from the cyclical steam simulation project. The steam injection cycle was completed and the two wells were placed on production at the end of June. Trinidad exploration expenditures were \$764,000, which represented the Company's 16.2 percent working interest share of the drilling of a well on the Cory Moruga property.

Trinidad property and equipment expenditures were \$7,793,000 in the quarter. This included \$5,203,000 in drilling and completion costs, mainly for the three wells drilled throughout the quarter. The Company also purchased a new service rig for \$2,103,000. As at June 30, 2014, the Trinidad equipment fleet included four service rigs and one coil tubing unit.

Working capital surplus at period end was \$9,728,000 compared to \$41,984,000 in the previous quarter. Working capital decreased as the Company paid \$24,276,000 in long-term debt and related interest acquired from the Old Touchstone acquisition. The Company also recorded a combined \$10,986,000 in capital expenditures throughout the quarter. As at June 30, 2014, 1.5 million Lightstream Resources Ltd. common shares are included in working capital as investments in marketable securities. The Company continues working toward a new operating credit facility to facilitate its expanded capital program in Trinidad.

Operations Update

Of the three Trinidad operated wells drilled in the second quarter, two were placed on production in July. PS-579 was completed in the Upper Cruse formation with 14 of the estimated 585 feet of total net pay perforated. The well has produced a field estimated average of 230 barrels of flowing oil per day over its initial 24 days of production. FR-1747 was completed in the Lower Cruse interval and has produced a field estimated 30 barrels of flowing oil per day during its first 41 days on stream. Completed in two stages, 50 of the estimated 302 feet of total net pay has been perforated to date and optimization of the flow rate is expected to occur with the addition of artificial lift equipment. FR-1748 is currently being completed in the Lower Cruse formation and is expected to be on production in August.

Mechanical inefficiencies were experienced with the two third party drilling rigs in July and as a result, both rigs were taken out of service for mechanical upgrades. The first rig came back in service on August 11, 2014 with the spudding of a well on our Fyzabad property. The second rig is scheduled to return by the middle of August at which time drilling operations will continue on the WD-4 block. Touchstone expects to have a minimum of two non-operated drilling rigs in service for the remainder of the year.

Management Change

Touchstone announces that Mr. Todd Brown has resigned as Chief Operating Officer effective Monday August 8, 2014. We would like to thank Mr. Brown for his support over the short period of time he was in the role and wish him all the best with his new opportunity. Mr. James Shipka, Vice President Geosciences and Business Development, will serve as Interim Chief Operating Officer until a suitable replacement has been found. In addition, Mr. Dwight Mervold, Vice President Operations will assume additional duties throughout the transition period.

Touchstone Exploration Inc. is a Calgary-based company 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. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago and western Canada. The Company's common shares are traded on the Toronto Stock Exchange under the symbol "TXP".

For further information please contact:

Mr. Scott Budau, Chief Financial Officer;
Mr. Paul R. Baay, Chief Executive Officer; or
Mr. Cameron MacDonald, Investor Relations
Telephone: (403) 750-4400

Non-GAAP Measures

This press release contains terms commonly used in the oil and gas industry, such as funds flow from operations, funds flow from operations per share, operating netback, funds flow netback and total debt. These terms do not have a standardized meaning under International Financial Reporting Standards ("IFRS") and may not be comparable to similar measures presented by other companies.

Funds flow from operations represents cash flow from operating activities before changes in non-cash working capital. Management believes that in addition to net earnings and cash flows from operating activities, funds flow from operations is a useful financial measurement which assists in demonstrating the Company's ability to fund capital expenditures necessary for future growth or to repay debt. The Company calculates funds flow from operations per share by dividing funds flow from operations by the weighted average number of basic and dilutive common shares outstanding during the period.

The Company uses funds flow netbacks as a key performance indicator of results. Funds flow netbacks do not have a standardized meaning under IFRS and therefore may not be comparable with the calculation of similar measures by other companies. Funds flow netbacks are presented on a per barrel basis and are calculated by deducting royalties, operating expenses, general and administrative expenses, transaction costs, finance and other expenses and current income tax expenses from petroleum sales. Funds flow netbacks are a useful measure to compare the Company's operations with those of its peers.

The Company also uses operating netbacks as a key performance indicator of field results. Operating netbacks do not have a standardized meaning under IFRS and therefore may not be comparable with the calculation of similar measures by other companies. Operating netbacks are presented on a per barrel basis and are calculated by deducting royalties and operating expenses from petroleum sales. Operating netbacks are a useful measure to compare the Company's operations with those of its peers.

Total debt is calculated by summing the Company's current and long-term portions of interest bearing instruments. The Company uses this information to assess its true debt position and manage capital risk. This measure does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures reported by other companies.

Advisory on Forward-looking Statements

Certain information regarding Touchstone set forth in this document contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent Touchstone's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. In addition, statements relating to "reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations

are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Touchstone's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of the Company.

In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to the performance characteristics of the Company's oil properties; supply and demand for oil; financial and business prospects and financial outlook; results of drilling and testing, results of operations; drilling plans; activities to be undertaken in various areas; timing of drilling and completion; and planned capital expenditures and the timing thereof.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada and the Republic of Trinidad and Tobago; industry conditions including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; obtaining required approvals of regulatory authorities; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; volatility in market prices for oil; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs relating to the oil industry; ability to access sufficient capital from internal and external sources; the risks that any estimate of potential net oil pay is not based upon an estimate prepared or audited by an independent reserves evaluator; that there is no certainty that any portion of the hydrocarbon resources will be discovered, or if discovered that it will be commercially viable to produce any portion thereof; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Touchstone's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements. Readers are also cautioned that the foregoing list of factors and assumptions is not exhaustive. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.