



TOUCHSTONE ANNOUNCES REPAYMENT OF LONG-TERM DEBT

Calgary, Alberta – July 2, 2014 – Touchstone Exploration Inc. (“Touchstone” or the “Company”) (TSX: TXP) is pleased to announce that it has made a \$21.6 million principal prepayment of its existing 9.25% senior secured long-term debt facility arranged with Norrep Credit Opportunities Fund, LP (“Norrep”), a fund managed by Crown Capital Partners Inc. With the payment Touchstone has fully repaid the \$24.0 million long-term loan entered into on June 29, 2012 and terminated the loan facility two years ahead of its June 29, 2016 maturity date. As a result of this payment, the Company has no outstanding secured debt and is free of the covenants contained in the loan.

The funds for the \$21.6 million repayment were available internally from the disposition of certain non-core assets resulting from the previously announced combination of Petrobank Energy and Resources Ltd. and Touchstone Exploration Inc. by way of a statutory plan of arrangement. The early retirement of the loan will result in Touchstone saving approximately \$2.6 million in total interest expense compared to repayment in accordance with the agreement through to maturity.

Mr. Scott Budau, Chief Financial Officer of Touchstone said “the repayment of the long-term debt facility results in the Company having a significantly improved capital structure as we move forward with our 2013 Trinidad drilling program.”

The private share purchase warrants issued to Norrep in connection with the long-term debt will remain outstanding and are exercisable into 2,260,800 Touchstone common shares at a price of \$2.34 per share. The share purchase warrants expire on June 29, 2016. The 235,500 share purchase warrants issued with the Company’s retired convertible debenture units expired as of June 29, 2014.

The Company is currently seeking the establishment of a new operating credit facility to facilitate its expanded capital program in the Republic of Trinidad and Tobago.

***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:

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***Forward-Looking Statements:** Certain information regarding the long-term debt, the related share purchase warrants and the establishment of a new credit facility provided in this press release constitutes forward-looking statements. Forward-looking statements are necessarily based on a number of assumptions and judgments, including but not limited to, assumptions relating to the outlook for commodity and capital markets, and the regulatory and legal environment. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Except as may be required by applicable securities laws, Touchstone assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.*