FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company:

Touchstone Exploration Inc. ("**New Touchstone**")
Suite 1000, 332-6th Avenue SW
Calgary, AB T2P 0B2

2. Date of Material Change:

May 13, 2014

3. News Release:

A joint news release disclosing the information contained in this material change report was issued by Petrobank Energy and Resources Ltd. (now Touchstone Exploration Inc.) and Touchstone Exploration Inc. (now Touchstone Energy Inc.) on May 14, 2014 and disseminated through the facilities of a recognized news service and would have been received by the securities commissions where New Touchtone is a reporting issuer in the normal course of its dissemination.

4. Summary of Material Change:

On May 13, 2014 New Touchstone and Touchstone Energy Inc. (formerly Touchstone Exploration Inc.) ("**Old Touchtone**") completed an arrangement by way of a statutory plan of arrangement (the "**Arrangement**"). Pursuant to the Arrangement, New Touchstone acquired all the outstanding shares of Old Touchtone through the issuance of 0.471 New Touchstone shares in exchange for each Old Touchstone share (the "**Exchange Ratio**"). Following the Arrangement, New Touchstone consolidated its shares on a 2 to 1 basis. Old Touchtone changed its name from "Touchstone Exploration Inc." to "Touchstone Energy Inc." and New Touchstone changed its name from "Petrobank Energy and Resources Ltd." to "Touchstone Exploration Inc."

5. Full Description of Material Change:

5.1 Full Description of Material Change

On May 13, 2014 (the "**Effective Time**"), New Touchstone acquired all of the issued and outstanding common shares of Old Touchstone, by way of a statutory plan of arrangement. Accordingly, Old Touchstone became a wholly owned subsidiary of New Touchstone.

Pursuant to the Arrangement, holders of the issued and outstanding common shares of Old Touchstone (the "**Old Touchstone Shares**") received 0.471 of a common share of New Touchstone (the "**New Touchstone Shares**") for each Old Touchstone Share held. No fractional New Touchstone Shares were issued pursuant to the Arrangement and, in lieu thereof, each previous registered holder of Old Touchstone Shares otherwise entitled to a fractional interest in a New Touchstone Share received the nearest whole number of New Touchstone Shares (with fractions equal to or greater than 0.5 being rounded up).

Under the Arrangement, New Touchstone assumed all of the rights and obligations of Old Touchstone relating to: (i) the $2,000,000 aggregate principal amount of 9.5% convertible senior unsecured debentures due June 30, 2016 (the "**Old Touchstone Debentures**"); (ii) the 1,000,000 share purchase warrants entitling the holders thereof to acquire one Old Touchstone Share per warrant held at an exercise price of $0.75 expiring June 29, 2014 (the "**Old Touchstone Debenture Warrants**"); and (iii) the 9,600,000 share purchase warrants entitling the holders thereof to acquire one Old Touchstone Share per warrant held at an exercise price of $0.55 expiring June 29, 2016 (the "**Old Touchstone Credit Facility Warrants**", collectively with the Old Touchstone Debenture Warrants, the "**Old Touchstone Warrants**").

Pursuant to the Arrangement and in accordance with the trust indenture dated June 29, 2011 between Old Touchstone and Computershare Trust Company of Canada (the "**Old Touchstone Debenture Indenture**"), the current conversion price under the Old Touchstone Debenture Indenture was adjusted such that the holders of the Old Touchstone Debentures are entitled to receive New Touchstone Shares, rather than Old Touchstone Shares, on the basis of 0.471 of a New Touchstone Share in lieu of each Old Touchstone Share that they were previously entitled to receive on conversion of the Old Touchstone Debentures. All other terms and conditions of the Old Touchstone Debenture Indenture as amended by a second supplemental convertible debenture indenture dated May 13, 2014 will continue to apply.

Also pursuant to the Arrangement, the holders of Old Touchstone Warrants (the "**Old Touchstone Warrantholders**") are entitled to receive New Touchstone Shares, rather than Old Touchstone Shares, on the basis of 0.471 of a New Touchstone Share in lieu of each Old Touchstone Share that they were previously entitled to receive on exercise of the Old Touchstone Warrants. The exercise price of the Old Touchstone Warrants and the number of New Touchstone Shares issuable upon exercise of the Old Touchstone Warrants were adjusted based on the Exchange Ratio. All other terms and conditions of the trust indenture dated June 29, 2011 between Old Touchstone and Computershare Trust Company of Canada (the "**Old Touchstone Warrant Indenture**") as amended by a supplemental warrant indenture dated May 13, 2014 and the certificate evidencing the Old Touchstone Warrants held by a Old Touchstone Warrantholder will continue to apply to the Old Touchstone Warrants, as applicable.

In accordance with the terms of the 2010 stock option incentive plan approved and confirmed by the holders of Old Touchstone Shares (the "**Old Touchstone Option Plan**"), the board of directors of Old Touchstone resolved to fully accelerate the vesting and to permit the exercise of all such options granted under the Old Touchstone Option Plan (the "**Old Touchstone Options**") prior to the effective date of the Arrangement, and to terminate such Old Touchstone Options as of the Effective Time. As of the Effective Time, no Old Touchstone Options are outstanding.

Following the Arrangement, Old Touchstone changed its name from "Touchstone Exploration Inc." to "Touchstone Energy Inc." In conjunction therewith, New Touchstone changed its name from "Petrobank Energy and Resources Ltd." to "Touchstone Exploration Inc."

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The name and business telephone number of the executive officer of New Touchstone who is knowledgeable of the material change and this report is:

Scott Budau, Chief Financial Officer, Telephone: (403) 750-4400.

9. Date of Report:

May 21, 2014