

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company:

Kelt Exploration Ltd. (“**Kelt**” or the “**Company**”)
East Tower, Suite 300
311 – 6 Avenue SW
Calgary, Alberta T2P 3H2

Item 2 Date of Material Change:

June 15, 2015

Item 3 News Release:

A news release disclosing the material change described herein was issued by Kelt on June 15, 2015 and disseminated through the facilities of Canada Newswire.

Item 4 Summary of Material Change:

Kelt announced it had expanded its capital expenditure budget to \$497 million for 2015, up from \$457 million. The increased spending is expected to result in the drilling of 18 gross (15.7 net) wells during the year, with the largest increase in the Inga/Fireweed area in British Columbia.

In connection with the increased capital expenditure program, Kelt announced a short form prospectus offering and non-brokered equity financing for gross aggregate proceeds of \$78.7 million, before the exercise of the over-allotment option.

Item 5 Full Description of Material Change:

5.1 *Full Description of Material Change*

Kelt has expanded its capital expenditure budget to \$497 million for 2015, up \$40 million from \$457 million. Excluding the corporate acquisition that was completed on April 16, 2015, forecasted capital expenditures have been increased by 23% from \$150.0 million to \$185.0 million. The increased spending is expected to result in the drilling of 18 gross (15.7 net) wells during the year, with the largest increase in the Inga/Fireweed area in British Columbia.

The Company has increased its forecasted spending on facilities, equipment and pipelines by 27% from \$30.0 million to \$38.0 million. As a result of these expenditures, Kelt expects to have its oil and liquids production from all of its core producing areas pipeline connected by the first quarter of 2016. By eliminating trucking costs and long wait times, corporate production and transportation expenses per BOE could improve by approximately 7% to 9%.

The Company believes that the current energy business environment, including lower oil and gas prices compared to 2014, continues to present acquisition opportunities to companies that are well financed. As a result, Kelt has increased its land and property acquisition budget by 16% from \$32.0 million to \$37.0 million. Early in the second quarter, Kelt completed a property acquisition in its core area at Karr whereby the Company acquired a 3.2% ownership interest in the Karr Gas Plant and approximately 110 BOE per day of production for a purchase price of \$10.0 million. Securing ownership priority in this gas plant is instrumental in maintaining cash flow stability in the area, as the Company produces significant amounts of oil with associated gas production at Karr. In addition, Pembina Pipeline Corp. is expected to have their Karr oil pipeline lateral constructed and in service in early 2016 which will transport crude oil from the Karr area and thereby benefiting Kelt through the elimination of trucking costs.

Recent well performance in both the Triassic Doig and Montney formations in the Company's Inga-Fireweed British Columbia core area, where wells have been completed using slick-water fractures, has shown very encouraging results to date with production significantly outperforming wells previously completed using other fracture systems. Two Doig wells that were completed using slick-water in the fourth quarter of 2014 have shown significant increases in productivity compared to the average Doig type well using propane completions. In just under six months, raw production to date from these two Inga Doig wells is approximately 232,000 BOE (48% free condensate) and 160,000 BOE (52% free condensate), respectively. In addition, three Montney wells have now been completed using slick-water fracture systems. Two of the Montney wells were in Fireweed where the IP30 was 1,147 BOE per day (60% free condensate) and 903 BOE per day (57% free condensate), respectively. The third Montney well, further south at Inga, has shown similar initial characteristics to the two Fireweed Montney wells with an IP30 of 1,245 BOE per day (69% free condensate). The Montney in this area is highly over-pressured with pressure gradients between 13 kPa and 14 kPa per metre. As a result, field condensate yields per million cubic feet of gas, appear to have low declines leading to substantially increased economics. The Company is excited about these results and has increased its drilling plans in the area from two wells to eight wells in 2015. Seven of the wells will target either the Triassic Doig or Montney formations and the eighth well is expected to be an exploration well targeting oil in the Triassic Baldonnell formation. Kelt's land holdings include approximately 167 net sections with Doig rights and approximately 157 net sections with Montney rights at its Inga-Fireweed-Stoddart British Columbia core area, which gives the Company inventory to pursue drilling operations for many years to come.

Summary of 2015 Forecasted Capital Expenditures

(\$ millions)	Previous Guidance	Current Forecast	Percent Change
Drilling & Completions	88.0	110.0	25%
Facilities, Equipment & Pipelines	30.0	38.0	27%
Land, Seismic & Property Acquisitions	32.0	37.0	16%
Total Exploration & Development	150.0	185.0	23%
Corporate Acquisition	307.0	312.0	2%
Total Capital Expenditures	457.0	497.0	9%

2015 Drilling Program

	Gross Wells Previous Guidance	Net Wells Previous Guidance	Gross Wells Current Forecast	Net Wells Current Forecast	Percent Change in Net Wells
Alberta	12	10.0	10	7.7	-23%
British Columbia	2	1.4	8	8.0	471%
Total	14	11.4	18	15.7	38%

Equity Financing

Short Form Prospectus Offering

Kelt has entered into an agreement with a syndicate of underwriters led by Peters & Co. Limited, and including FirstEnergy Capital Corp., CIBC World Markets Inc., National Bank Financial Inc., RBC Capital Markets, Cormark Securities Inc., Scotia Capital Inc., AltaCorp Capital Inc., GMP Securities Inc., Macquarie Capital Markets Canada Ltd., TD Securities Inc., Credit Suisse Securities (Canada), Inc., Desjardins Securities Inc. and Raymond James Ltd. (collectively the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 8.5 million common shares of Kelt at a price of \$8.85 per common share, resulting in gross proceeds of approximately \$75.2 million.

Kelt has also granted the Underwriters an option, exercisable for a period commencing at closing of the offering and ending 30 days following closing of the offering, to purchase an additional 1.275 million common shares at the same common share offering price of \$8.85 per common share, which if exercised, would increase the total gross proceeds to \$86.5 million. The common shares will be offered in all provinces of Canada, except Quebec, by way of short form prospectus. Closing is expected to occur on or around July 7, 2015.

Non-brokered Private Placement

In conjunction with the aforementioned prospectus offering, Kelt has agreed to issue to certain directors, officers and employees of the Company, on a non-brokered basis, an additional 400,000 common shares of Kelt at a price of \$8.85 per common share, resulting in additional gross proceeds of approximately \$3.5 million. The non-brokered private placement will close concurrently with the closing of the short-form prospectus offering on or around July 7, 2015.

Net proceeds from the short-form prospectus offering and the non-brokered private placement (collectively, the “**Equity Offerings**”) will initially be used to pay down existing credit facilities and thereafter to partially finance Kelt’s increased 2015 capital expenditure programs and for general working capital purposes.

The Equity Offerings are subject to certain conditions including normal regulatory approvals and specifically, the approval of the Toronto Stock Exchange. The Kelt common shares to be issued in connection with the private placement will be subject to a statutory hold period of four months plus one day from the date of completion of the private placement, in accordance with applicable securities legislation.

Financial Position

After giving effect to the increased capital spending and after giving effect to the Equity Offerings, Kelt estimates that it will have bank debt, net of working capital, of approximately \$170 million at the end of 2015. The Company’s current credit facility has an authorized borrowing amount of \$300 million. As a result, the Company expects to have sufficient financial flexibility to carry out its operations entering 2016 and may pursue other opportunities, as they occur.

5.2 *Disclosure for Restructuring Transaction*

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7 Omitted Information:

Not applicable.

Item 8 Executive Officer:

The name and business telephone number of an executive officer of Kelt who is knowledgeable about the material change and who can be contacted is:

Sadiq H. Lalani
Vice President, Finance and Chief Financial Officer
Telephone: (403) 215-5310

Item 9 Date of Report:

June 16, 2015.

Cautionary Statement and Advisory Regarding Forward-Looking Statements and Information

This material change report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “could”, “believe”, “plans”, “intends” and similar expressions are intended to identify forward-looking information or statements. In particular, this material change report contains forward-looking statements concerning the ongoing operations of Kelt, the timing of future capital expenditures, the timing of the construction and expected in service date for the Karr oil pipeline lateral, the expected improvement in corporate production and transportation expenses per BOE by approximately 7% to 9%, expected bank debt net of working capital at the end of 2015 and the use of proceeds from the Equity Offerings.

Although Kelt believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Kelt cannot give any assurance that they will prove to be correct. Since forward-looking statements 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 failure to obtain necessary regulatory approvals for planned operations and risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures).

The forward-looking statements contained in this material change report are made as of the date hereof and Kelt does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Please refer to Kelt’s Annual Information Form dated March 11, 2015 for additional risk factors relating to Kelt which is available for viewing on www.sedar.com.

Certain information set out herein may be considered as “financial outlook” within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Kelt’s reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes. Well performance test results and initial production rates set out herein are not necessarily indicative of long-term performance or of ultimate hydrocarbon recovery.

Measurements

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. Where amounts are expressed on a barrel of oil equivalent (“BOE”) basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel and sulphur volumes have been converted to oil equivalence at 0.6 long tons per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. References to oil in this discussion include crude oil and field condensate. References to natural gas liquids (“NGLs”) include, pentane, butane, propane, and ethane. References to gas in this discussion include natural gas and sulphur.

Abbreviations

IP30	initial production from a well for the first 720 hours (30 days) based on operating/producing hours
kPa	Kilopascals
BOE	barrel of oil equivalent
\$	Canadian dollars
TSX	the Toronto Stock Exchange
KEL	trading symbol for Kelt Exploration Ltd. On the Toronto Stock Exchange
GAAP	Generally Accepted Accounting Principles
NGLs	natural gas liquids