**PRESS RELEASE**
(Stock Symbol **"KEL"** – TSX)
November 10, 2016
Calgary, Alberta

## KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its financial and operating results for the three and nine months ended September 30, 2016. The Company's financial results are summarized as follows:

| **FINANCIAL HIGHLIGHTS** | Three months ended September 30 | | | Nine months ended September 30 | | |
|---|---|---|---|---|---|---|
| *(CA$ thousands, except as otherwise indicated)* | **2016** | 2015[2] | % | **2016** | 2015[2] | % |
| Revenue, before royalties and financial instruments | **47,760** | 45,015 | 6 | **128,876** | 136,529 | -6 |
| Funds from operations[1] | **17,658** | 16,601 | 6 | **35,280** | 45,282 | -22 |
| Basic ($/ common share)[1] | **0.10** | 0.10 | - | **0.20** | 0.30 | -33 |
| Diluted ($/ common share)[1] | **0.10** | 0.10 | - | **0.20** | 0.30 | -33 |
| Loss and comprehensive loss | **(15,299)** | (21,557) | -29 | **(61,630)** | (48,052) | 28 |
| Basic ($/ common share) | **(0.09)** | (0.13) | -31 | **(0.36)** | (0.32) | 13 |
| Diluted ($/ common share) | **(0.09)** | (0.13) | -31 | **(0.36)** | (0.32) | 13 |
| Total capital expenditures, net of dispositions | **12,616** | 33,389 | -62 | **61,929** | 454,194 | -86 |
| Total assets | **1,232,147** | 1,363,348 | -10 | **1,232,147** | 1,363,348 | -10 |
| Bank debt, net of working capital[1] | **132,471** | 182,530 | -27 | **132,471** | 182,530 | -27 |
| Convertible debentures | **70,134** | - | - | **70,134** | - | - |
| Shareholders' equity | **823,887** | 937,658 | -12 | **823,887** | 937,658 | -12 |
| Weighted average shares outstanding (000s) | | | | | | |
| Basic | **174,349** | 167,935 | 4 | **172,338** | 150,185 | 15 |
| Diluted | **174,671** | 168,706 | 4 | **172,585** | 151,236 | 14 |

(1) Refer to advisory regarding non-GAAP measures.

(2) Comparative financial information for the three and nine month periods ended September 30, 2015 has been revised to reflect all purchase price adjustments related to the acquisition of Artek Exploration Ltd. as of the acquisition date of April 16, 2015.

### FINANCIAL STATEMENTS

Kelt's unaudited condensed consolidated interim financial statements and related notes for the quarter ended September 30, 2016 will be available to the public on SEDAR at www.sedar.com and will also be posted on the Company's website at www.keltexploration.com on November 10, 2016.

Kelt's operating results for the three and nine months ended September 30, 2016 are summarized as follows:

| **OPERATIONAL HIGHLIGHTS** | Three months ended September 30 | | | Nine months ended September 30 | | |
|---|---|---|---|---|---|---|
| *(CA$ thousands, except as otherwise indicated)* | **2016** | 2015 | % | **2016** | 2015 | % |
| Average daily production | | | | | | |
| Oil (bbls/d) | **4,606** | 4,803 | -4 | **5,179** | 5,059 | 2 |
| NGLs (bbls/d) | **2,960** | 1,685 | 76 | **2,778** | 1,520 | 83 |
| Gas (mcf/d) | **77,854** | 73,243 | 6 | **80,327** | 68,929 | 17 |
| Combined (BOE/d) | **20,542** | 18,695 | 10 | **21,345** | 18,067 | 18 |
| Production per million common shares (BOE/d)(1) | **118** | 111 | 6 | **124** | 120 | 3 |
| Average realized prices, before financial instruments | | | | | | |
| Oil ($/bbl) | **52.47** | 53.20 | -1 | **44.64** | 52.77 | -15 |
| NGLs ($/bbl) | **17.96** | 19.28 | -7 | **16.82** | 23.22 | -28 |
| Gas ($/mcf) | **2.88** | 2.75 | 5 | **2.39** | 2.87 | -17 |
| Operating netbacks(1) ($/BOE) | | | | | | |
| Oil and gas revenue | **25.27** | 26.17 | -3 | **22.04** | 27.68 | -20 |
| Cash premiums on financial instruments | **0.13** | - | - | **0.04** | - | - |
| Realized gain (loss) on financial instruments | **0.07** | (0.46) | -115 | **0.02** | 0.26 | -92 |
| Average realized price, after financial instruments | **25.47** | 25.71 | -1 | **22.10** | 27.94 | -21 |
| Royalties | **(2.55)** | (2.40) | 6 | **(1.83)** | (2.84) | -36 |
| Production expense | **(8.43)** | (10.45) | -19 | **(9.23)** | (12.14) | -24 |
| Transportation expense | **(2.76)** | (1.34) | 106 | **(2.78)** | (2.11) | 32 |
| Operating netback(1) | **11.73** | 11.52 | 2 | **8.26** | 10.85 | -24 |
| Undeveloped land | | | | | | |
| Gross acres | **717,641** | 666,620 | 8 | **717,641** | 666,620 | 8 |
| Net acres | **596,957** | 537,318 | 11 | **596,957** | 537,318 | 11 |

(1) Refer to advisory regarding non-GAAP measures.

## MESSAGE TO SHAREHOLDERS

Average production for the three months ended September 30, 2016 was 20,542 BOE per day, up 10% compared to average production of 18,695 BOE per day during the third quarter of 2015. Daily average production in the third quarter of 2016 was 2% higher than average production of 20,208 BOE per day in the second quarter of 2016. Production disruptions from plant, facility and third-party downtime resulted in shut-ins of approximately 1,400 BOE per day on average during the third quarter of 2016.

Kelt's realized average oil price was $52.47 per barrel, up 5% from $49.76 per barrel in the second quarter of 2016 and down 1% from $53.20 per barrel in the third quarter of 2015. The realized average NGLs price during the third quarter of 2016 was $17.96 per barrel, down 1% from $18.21 per barrel in the second quarter of 2016 and down 7% from $19.28 per barrel in the corresponding period of 2015. The realized average gas price was $2.88 per MCF, up 46% from $1.97 per MCF in the second quarter of 2016 and up 5% from the realized average gas price of $2.75 per MCF in the third quarter of the previous year.

For the three months ended September 30, 2016, revenue was $47.8 million and funds from operations was $17.7 million ($0.10 per share, diluted), compared to revenue of $45.0 million and funds from operations of $16.6 million ($0.10 per share, diluted) in the third quarter of 2015. At September 30, 2016, bank debt, net of working capital was $132.5 million, down 27% from $182.5 million at September 30, 2015. Production expenses of $8.43 per BOE continue to improve and were 19% lower compared to $10.45 per BOE in the third quarter of 2015.

Net capital expenditures incurred during the three months ended September 30, 2016 were $12.6 million after taking into account proceeds of $5.1 million from the disposition of certain non-producing lands located in Alberta. The Company continued its counter cyclical land capture and spent $4.0 million acquiring new undeveloped land parcels primarily at Crown sales during the quarter. As at September 30, 2016, Kelt's net working interest land holdings were 808,737 acres (1,263 sections) of which 596,957 acres (932 sections) are undeveloped.

Subsequent to the end of the third quarter, Kelt continued to improve its financial flexibility by completing a private placement of 1.0 million common shares on a "CDE flow-through" basis at a price of $7.10 per share, resulting in net proceeds of approximately $6.8 million. At September 30, 2016, Kelt had approximately $982.2 million of tax deductions available to shelter future taxable income.

Oil and gas prices continue to be volatile. Monthly average AECO gas prices during the first ten months of 2016 ranged from a low of $1.04/GJ in April to a high of $2.94/GJ in October. As for crude oil, monthly average WTI prices ranged from a low of US$30.62/bbl in February to a high of US$49.94/bbl in October. Kelt has prepared its 2017 budget based on management's forecasted commodity prices as follows:

- Average WTI oil price of US$52.00 per barrel;
- Average AECO gas price of $2.95 per GJ;
- Capital expenditures of $134.0 million;
- Forecasted average production in 2017 of 23,000 BOE per day;
- 2017 production mix is expected to be weighted 40% to oil & NGLs and 60% to gas;
- 2017 operating income is expected to be derived 69% from oil & NGLs and 31% from gas;
- Forecasted 2017 funds from operations of $124.0 million ($0.70 per share, diluted); and
- Estimated bank debt, net of working capital as at December 31, 2017 of $148.0 million (1.2x forecasted 2017 funds from operations).

In July 2016, the Government of Alberta released further details with respect to the Alberta Modernized Royalty Framework ("MRF"), providing companies the ability to apply for early adoption by drilling wells in 2016 and still qualifying for royalty treatment under MRF. Kelt has taken advantage of this early adoption on certain wells planned in its Montney oil prospects at Pouce Coupe and Karr.

Kelt has commenced development pad drilling on its Montney oil play at Pouce Coupe where the Company is currently drilling the third well on a four-well pad. Two of these wells are targeting the upper-middle Montney (D2) and the other two wells are targeting the lower-middle Montney (D1). These wells are expected to be completed with 46-stage fractures with approximately 50 tonnes of proppant per stage. During the last week of September, Kelt brought on production two wells in its Grande Prairie core area. At Pouce Coupe, the well located at 100/08-18-078-11W6/2 was completed in the lower-middle Montney (D1) and had an IP30 rate (gross sales) of 852 BOE per day of which oil and liquids was 38%. At Progress, the Company's second exploration well (50% working interest) into the prospect located at 100/14-14-078-09W6/0 was completed in the middle Montney and had an IP30 rate (gross sales) of 875 BOE per day of which 73% was oil and liquids. Kelt plans to follow-up with a third delineation test at Progress in the first quarter of 2017. Kelt expects to commence development pad drilling on its Montney oil play at Karr in late November upon ground freeze up. The Company currently plans to commence development pad drilling at La Glace in the second quarter of 2017.

At Inga/Fireweed in British Columbia, Kelt drilled its second middle Montney well during the third quarter and expects to commence completion operations in late November. The Company plans to drill two upper Montney wells located in the northeast and southeast parts of its land block in late 2016 and early 2017. After spring break-up in 2017, Kelt expects to commence full development in the upper Montney at Inga by switching to pad drilling which should result in significant savings in per well capital expenditures, as well as lower per unit operating expenses when the wells are brought on production.

In the current energy business environment, Kelt is optimistic that it can continue to take advantage of lower industry-wide spending levels with its strategy of low-cost land accumulation in its core operating areas and significantly lower drilling and completion costs as the Company transitions to full scale development.

Management looks forward to updating shareholders with 2016 annual results in early March 2017.

### OUTLOOK AND GUIDANCE

Oil and gas prices have bounced back from the lows experienced earlier in 2016, however, our industry continues to operate in a challenging commodity price environment. Due to market instability and volatile commodity prices that have trended lower over the past two years, many oil and gas companies have reduced their capital spending plans. Ultimately, lower capital investment in oil and gas drilling can be expected to balance the supply and demand ratio. Kelt continues to be optimistic about the long-term outlook for oil and gas commodity prices.

Kelt believes that the current business environment creates opportunities to add value at a reasonable cost. The cost to acquire land at Crown sales in the Company's core operating areas has dropped significantly and service related costs to drill and complete wells have also declined substantially. In order to capitalize on opportunities in the current energy business environment, Kelt expects to remain active at Crown land sales and has transitioned to development pad drilling in order to take advantage of lower oilfield related service costs.

The Company's Board of Directors, have increased Kelt's 2016 capital expenditures budget to $97.0 million, up 11% from its previous budget of $87.0 million. The Board has also approved an initial capital expenditure budget of $134.0 million for 2017. Kelt expects to drill 17 gross (16.5 net) wells in 2017, however the Company expects to complete 26 gross (24.3 net) wells in 2017, as there is estimated to be 9 gross (7.8 net) drilled but un-completed ("DUC") wells from 2016.

The table below outlines the Company's forecasted financial and operating guidance for 2017, compared to updated guidance for 2016:

| *(CA$ millions, except as otherwise indicated)* | **2017 Budget** | 2016 Forecast | Change |
|---|---|---|---|
| Average Production | | | |
| Oil (bbls/d) | **6,550** | 5,130 | 28% |
| NGLs (bbls/d) | **2,800** | 2,700 | 4% |
| Gas (mmcf/d) | **81,900** | 79,020 | 4% |
| Combined (BOE/d) | **23,000** | 21,000 | 10% |
| Production per million common shares (BOE/d) | **131** | 121 | 8% |
| Forecasted Average Commodity Prices | | | |
| WTI oil price (US$/bbl) | **52.00** | 43.25 | 20% |
| Canadian Light Sweet ($/bbl) | **65.24** | 52.92 | 23% |
| NYMEX natural gas price (US$/MMBTU) | **3.05** | 2.45 | 24% |
| AECO natural gas price ($/GJ) | **2.95** | 2.04 | 45% |
| Average Exchange Rate (US$/CA$) | **0.749** | 0.755 | -1% |
| Capital Expenditures | | | |
| Drilling & completions | **100.0** | 46.5 | 115% |
| Facilities, pipeline & well equipment | **26.0** | 28.8 | -10% |
| Land, seismic & property acquisitions (net of dispositions) | **8.0** | 21.7 | -63% |
| Total Capital Expenditures | **134.0** | 97.0 | 38% |

| | | | |
|---|---|---|---|
| Funds from operations | **124.0** | 56.0 | 121% |
| Per common share, diluted | **0.70** | 0.32 | 119% |
| Bank debt, net of working capital, at year-end (1) | **148.0** | 138.0 | 7% |
| Net bank debt to trailing annual funds from operations ratio | **1.2 x** | 2.5 x | |
| Weighted average common shares outstanding (millions) | **173.1** | 175.7 | 0% |
| Common shares issued and outstanding (millions) | **175.7** | 175.7 | 1% |

(1) In addition to bank debt, the Company has $90.0 million principal amount of convertible debentures outstanding with a coupon of 5% per annum, maturing May 31, 2021.

WTI crude oil prices are forecasted to average US$52.00 per barrel in 2017, up 20% from an estimated average price of US$43.25 per barrel in 2016. AECO natural gas prices are forecasted to average $2.95 per GJ in 2017, up 45% from an estimated average price of $2.04 per GJ in 2016.

Forecast average production of 23,000 BOE per day in 2017 represents a 10% increase from forecast average production of 21,000 BOE per day in 2016 and is estimated to be weighted 40% to oil and NGLs and 60% to gas. However, based on the Company's forecasted commodity prices for 2017, 69% of forecasted operating income in 2017 is expected to be generated from oil and NGLs versus 31% from gas.

After giving effect to the aforementioned production estimates, commodity price assumptions and estimated expenses: funds from operations for 2017 is forecasted to be approximately $124.0 million or $0.70 per common share, diluted. Kelt estimates that the Company's bank debt, net of working capital, will be approximately $148.0 million as at December 31, 2017. Royalties are expected to average 10.8% of oil and gas sales in 2017. During 2017, combined production and transportation expense is estimated to be $11.67 per BOE ($9.00 per BOE and $2.67 per BOE respectively), G&A expense is estimated to be $0.91 per BOE and interest expense is forecasted at $1.18 per BOE.

Changes in forecasted commodity prices and variances in production estimates can have a significant impact on estimated funds from operations and profit. Please refer to the advisories regarding forward-looking statements and to the cautionary statement below.

### ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

This press release 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", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this press release contains forward-looking statements pertaining to the following: the potential impact of the MRF on the Company's Alberta oil and gas assets; the Company's ability to continue accumulating land at a low-cost in its core operating areas; and the Company's expected future financial position and operating results, as well as the amount and timing of future development capital expenditures. Statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

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 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; failure to obtain necessary regulatory approvals for planned operations; health, safety and environmental risks; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; volatility of commodity prices, currency exchange rate fluctuations; imprecision of reserve estimates; and competition from other explorers) as well as general economic conditions, stock market volatility; and the ability to access sufficient capital. We caution that the foregoing list of risks and uncertainties is not exhaustive.

In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements contained herein are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

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 balance of 2016 and 2017. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

### NON-GAAP MEASURES

This press release contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. As these measures are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

"Operating income" is calculated by deducting royalties, production expenses and transportation expenses from oil and gas revenue, after realized gains or losses on associated financial instruments. The Company refers to operating income expressed per unit of production as an "Operating netback". "Funds from operations" is calculated by adding back transaction costs associated with acquisitions and dispositions, provisions for potential credit losses, settlement of decommissioning obligations and the change in non-cash operating working capital to cash provided by operating activities. Funds from operations per common share is calculated on a consistent basis with profit (loss) per common share, using basic and diluted weighted average common shares as determined in accordance with GAAP. Funds from operations and operating income or netbacks are used by Kelt as key measures of performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, profit or other measures of financial performance calculated in accordance with GAAP.

"Production per common share" is calculated by dividing total production by the basic weighted average number of common shares outstanding, as determined in accordance with GAAP.

Throughout this press release, the term "net bank debt" is used synonymously with, and is equal to, "bank debt, net of working capital". "Net bank debt" is calculated by adding the working capital deficiency to bank debt. The working capital deficiency is equal to total current assets net of total current liabilities, excluding the current portion of bank debt. The Company uses a "net bank debt to trailing funds from operations ratio" as a benchmark on which management monitors the Company's capital structure and short-term financing requirements. Management believes that this ratio, which is a non-GAAP financial measure, provides investors with information to understand the Company's liquidity risk. The "net bank debt to trailing funds from operations ratio" is also indicative of the "debt to cash flow" calculation used to determine the applicable margin for a quarter under the Company's Credit Facility agreement (though the calculation may not always be a precise match, it is representative).

### MEASUREMENTS

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. This press release contains various references to the abbreviation BOE which means barrels of oil equivalent. Where amounts are expressed on a 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 and is significantly different than the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. References to oil in this press release include crude oil and field condensate. References to natural gas liquids ("NGLs") include pentane, butane, propane, and ethane. References to gas in this press release include natural gas and sulphur. Such abbreviation may be misleading, particularly if used in isolation.

### ABBREVIATIONS

| | |
|---|---|
| bbls | barrels |
| bbls/d | barrels per day |
| mcf | thousand cubic feet |
| mcf/d | thousand cubic feet per day |
| mmcf | million cubic feet |
| mmcf/d | million cubic feet per day |
| MMBTU | million British Thermal Units |
| GJ | gigajoule |
| BOE | barrel of oil equivalent |
| BOE/d | barrel of oil equivalent per day |
| NGLs | natural gas liquids |
| IP30 | initial production from a well for the first 720 hours (30 days) based on operating/producing hours |
| AECO | Alberta Energy Company "C" Meter Station of the Nova Pipeline System |
| WTI | West Texas Intermediate |
| NYMEX | New York Mercantile Exchange |
| US$ | United States dollars |
| CA$ | Canadian dollars |
| TSX | the Toronto Stock Exchange |
| KEL | trading symbol for Kelt Exploration Ltd. common shares on the TSX |
| KEL.DB | trading symbol for Kelt Exploration Ltd. 5% convertible debentures on the TSX |
| GAAP | Generally Accepted Accounting Principles |
| CDE | Canadian development expenses, as defined in the *Income Tax Act* (Canada) |
| MRF | Modernized Royalty Framework (Alberta) |

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