

**FORM 51-102F3**  
***MATERIAL CHANGE REPORT***

**Item 1**      **Name and Address of Company**

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

**Item 2**      **Date of Material Change**

January 18, 2017.

**Item 3**      **News Release**

A news release disclosing the material change described herein was issued by Kelt on January 18, 2017 and disseminated through the facilities of Marketwired.

**Item 4**      **Summary of Material Change**

Kelt announced that it has completed the previously announced disposition of certain oil and gas assets located in the Karr area of Alberta (the “**Disposition**”). The Disposition has an effective adjustment date of January 1, 2017. Kelt also provided an update with respect to its land holdings and its planned 2017 capital expenditure program.

**Item 5**      **Full Description of Material Change**

**5.1      Full Description of Material Change**

Kelt announced that it has completed the previously announced Disposition of oil and gas assets located in the Karr area of Alberta. The Disposition has an effective date of January 1, 2017. Kelt received gross proceeds, prior to adjustments at closing, in the amount of \$100.0 million, including \$6.2 million which is being held in escrow subject to certain preferential rights. Funds in the amount of \$6.2 million will be paid to Kelt after satisfaction of the preferential rights. The Company’s syndicate of lenders has confirmed that the authorized borrowing amount available under its credit facility remains unchanged at \$185.0 million. Bank debt, net of working capital, is estimated to be \$52.0 million as at December 31, 2017 or 0.4 times forecasted 2017 funds from operations of \$128.0 million.

Kelt also announced that it has accumulated and currently holds 132,610 net acres (207 sections) of land with Montney rights in a new core exploration area at Oak/Flatrock, British Columbia, adjacent to its Inga/Fireweed assets and has accumulated and currently holds 50,080 net acres (78 sections) of land with Montney rights in a new core exploration area at Pipestone/Wembley, Alberta, adjacent to its Valhalla/La Glace assets.

Kelt also announced details with respect to its expected upcoming drilling operations on both its British Columbia Montney and its Alberta Montney acreage, as well as additional details with respect to its 2017 capital expenditure program and advised that, at spring break-up, the Company will re-evaluate its spending plans for the remainder of 2017. With continued improvement in oil and gas prices, Kelt will consider increasing its capital program for the balance of 2017 at that time.

## 5.2 Disclosure for Restructuring Transactions

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 and Chief Financial Officer  
Telephone: (403) 215-5310

### **Item 9**      **Date of Report**

January 19, 2017.

### ***Advisory Regarding Forward-Looking Statements***

*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”, “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 pertaining to the following: the expected payment of \$6.2 million to Kelt upon satisfaction of preferential rights; the expected timing of drilling and completion operations; and the Company's expected future financial position and operating results, as well as the amount and timing of future 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.*