

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:

August 21, 2020.

Item 3 News Release:

A news release disclosing the material change described herein was issued by Kelt on August 21, 2020 and disseminated through the facilities of Newsfile Corp.

Item 4 Summary of Material Change:

Kelt announced that it had completed its previously announced disposition of oil and gas assets in its Inga/Fireweed/Stoddart Division (the “**Inga Assets**”), located in British Columbia, to ConocoPhillips (the “**Purchaser**”). The effective date for closing adjustments relating to the disposition was July 1, 2020. Kelt received gross cash proceeds of \$510.0 million, prior to closing adjustments. In addition, the Purchaser has assumed certain specific financial obligations related to the Inga Assets in the amount of approximately \$41.0 million.

Item 5 Full Description of Material Change:

5.1 *Full Description of Material Change*

Kelt announced that it had completed its previously announced disposition of the Inga Assets, located in British Columbia, to the Purchaser. The effective date for closing adjustments relating to the disposition was July 1, 2020. Kelt received gross cash proceeds of \$510.0 million, prior to closing adjustments. In addition, the Purchaser has assumed certain specific financial obligations related to the Inga Assets in the amount of approximately \$41.0 million.

Kelt has a large inventory of future drilling locations on its remaining Montney and Charlie Lake land holdings at Wembley/Pipestone (Alberta) where the Company owns 107,155 net acres (167 sections) of Montney rights, at Oak/Flatrock (British Columbia) where the Company owns 203,661 net acres (318 sections) of Montney rights and in Alberta where the Company owns 74,720 net acres (117 sections) of Charlie Lake rights.

Kelt’s Board of Directors has approved \$20.0 million in capital expenditures for the second half of 2020, excluding capital expenditures that are part of the closing adjustments with respect to the sale of the Inga Assets. During the second half of 2020, Kelt expects to drill four Montney wells and complete and tie-in two Montney wells at Wembley/Pipestone where the Company has access to extensive infrastructure, including three major gas processing plants in the area, of which Kelt has an ownership interest in two of the gas plants and a firm service contract at the third gas plant.

Concurrently with the completion of the sale of its Inga Assets, Kelt has paid out all amounts outstanding under its existing \$350.0 million revolving committed term credit facility with a syndicate of lenders. For business continuity purposes, Kelt has entered into a new \$20.0 million demand

revolving credit facility with a Canadian chartered bank. The Company expects to exit 2020 with a positive working capital position and, at present, does not expect to put in place a syndicated term credit facility prior to 2021.

On August 21, 2020, Kelt mailed a redemption notice (the “**Notice**”) to the registered holders of its 5.00% convertible unsecured subordinated debentures due May 31, 2021 (the “**Debentures**”) and has delivered a copy of the Notice to Computershare Trust Company of Canada, as debenture trustee. Pursuant to the Notice, Kelt will redeem the \$89,910,000 of outstanding principal amount of the Debentures plus all accrued but unpaid interest up to but excluding the date of redemption (the “**Redemption Date**”). The Redemption Date is October 3, 2020. In connection with the redemption of the Debentures, the Debentures will be delisted from the Toronto Stock Exchange.

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

Item 9 Date of Report:

August 24, 2020

Cautionary Statement on 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”, “execute”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “forecasted” 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 closing adjustments related to the disposition of the Inga Assets and certain financial liabilities; the expected working capital position and expected credit facility of Kelt following the closing of the disposition; the expected timing and redemption of the Debentures; the delisting of the Debentures from the Toronto Stock Exchange; and, the expected capital expenditures in the second half of 2020.

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, 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; 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 periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

Measurements

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. References to “oil” in this press release include crude oil and field condensate. References to “natural gas liquids” or “NGLs” include pentane, butane, propane, and ethane. References to “liquids” include field condensate and NGLs. References to “gas” in this discussion include natural gas and sulphur.