



PRESS RELEASE

(Stock Symbol: **KEL** – TSX)

April 7, 2016

Calgary, Alberta

THIS NEWS RELEASE MAY NOT BE DISTRIBUTED IN THE UNITED STATES OR DISSEMINATED OVER UNITED STATES NEWSWIRE SERVICES

KELT CLOSSES \$22.1 MILLION CDE FLOW-THROUGH EQUITY FINANCING AND PROVIDES BC MONTNEY UPDATE

CALGARY, Alberta, Kelt Exploration Ltd. (“Kelt” or the “Company”) is pleased to announce that it has closed its previously announced private placement of 4.7 million common shares issued on a “flow-through” basis in respect of Canadian Development Expenses (“CDE”) at a price of \$4.70 per share, resulting in gross proceeds of \$22.1 million (the “Private Placement”). Net proceeds to the Company, after expenses related to the offering, are estimated to be approximately \$22.0 million. Proceeds from the Private Placement will be used to partially finance the Company’s drilling and completion expenditures during the remainder of 2016.

Kelt shall, pursuant to the provisions in the *Income Tax Act* (Canada), incur eligible CDE (the “Qualifying Expenditures”), after April 7, 2016 and prior to December 31, 2016 in the aggregate amount of not less than the total amount of the gross proceeds raised from the issue of the subject flow-through common shares. Kelt shall renounce the Qualifying Expenditures so incurred to the purchasers of the flow-through common shares on or prior to December 31, 2016.

The common shares 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.

This press release does not constitute an offer to sell or a solicitation of any offer to buy the common shares in the United States. The common shares have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act.

British Columbia Montney Update

During the fourth quarter of 2015, Kelt drilled its first horizontal well into the Middle Montney formation at Inga, British Columbia. Prior to this well, all other horizontal Montney wells drilled at Inga and Fireweed were in the Upper Montney formation. This Middle Montney well located at 07-17-087-23W6 was completed in early 2016 using slick-water and consisted of 46 fractures. The well had an IP30 rate of 905 BOE per day and an IP60 rate of 728 BOE per day (66% oil and liquids and 34% gas). Kelt is excited about the initial results of this well as it could potentially lead to a second layer in its Montney Resource Play in British Columbia where it has a contiguous 100% owned land block of 103,000 acres (160 sections).

In the Upper Montney, to date, Kelt had drilled four wells that were completed using slick-water fractures on the western part of its contiguous British Columbia land block with IP30 rates ranging from 686 BOE per day to 1,296 BOE per day, and with oil and liquids, on average, comprising approximately 69% of the production. Recently, the Company has drilled and completed two additional wells located on the eastern part of its British Columbia land block. The 05-07-088-22W6 well, located furthest east and approximately in the middle from north to south of the land block, was completed using slick-water and consisted of 46 fractures. This well was tested for a period of 202 hours and during the last 24 hours of the flow test, the well produced 1,370 BOE per day (76% oil and liquids and 24% gas). The initial test results from this well is very encouraging and given the location of the well relative to all the other producing Upper Montney wells, provides Kelt with greater confidence in the areal extent and high liquids content of its Upper Montney potential on the Company's 100% owned contiguous 160 section land block.

About Kelt

Kelt is a Calgary, Alberta, Canada-based oil and gas company focused on exploration, development and production of crude oil and natural gas resources, primarily in west central Alberta and northeastern British Columbia.

Abbreviations and Definitions

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 press release include crude oil and field condensate. References to liquids ("NGLs") include, pentane, butane, propane, and ethane. References to gas in this press release include natural gas and Sulphur, unless otherwise specified.

IP30 initial production from a well for the first 720 hours (30 days) based on producing hours
IP60 initial production from a well for the first 1,440 hours (60 days) based on producing hours

Cautionary Statement on Forward-Looking Statements and Information

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 Company's plans to incur and renounce the Qualifying Expenditures and the potential for a second layer in the Montney Resource Play in British Columbia.

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.

Readers are also cautioned that the well-flow test results referred to above, under the heading “British Columbia Montney Update”, are not necessarily indicative of long-term performance or of ultimate recovery.

For further information, please contact:

Kelt Exploration Ltd., Suite 300, 311 – 6th Avenue SW, Calgary, Alberta, Canada T2P 3H2
David J. Wilson, President and Chief Executive Officer (403) 201-5340, or
Sadiq H. Lalani, Vice President and Chief Financial Officer (403) 215-5310.
Or visit our website at www.keltexploration.com.