PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
February 10, 2017
Calgary, Alberta

KELT REPORTS SIGNIFICANT INCREASES IN OIL & GAS RESERVES AND NET ASSET VALUE PER SHARE

Kelt Exploration Ltd. ("Kelt" or the "Company") is pleased to report on its oil & gas reserves and production for the year ended December 31, 2016.

Kelt's audit of its 2016 annual consolidated financial statements has not been completed and accordingly all financial amounts relating to 2016 referred to in this news release are unaudited and represent management's estimates. Readers are advised that these financial estimates are subject to audit and may be subject to change as a result.

SUMMARY OF RESULTS

	December 31, 2016	December 31, 2015	Percent Change
Proved plus Probable Reserves			
Oil and NGLs [Mbbls]	**71,893**	54,377	+ 32%
Gas [MMcf]	**733,037**	576,779	+ 27%
Combined [MBOE]	**194,066**	150,507	+ 29%
Finding, Development & Acquisition ("FD&A") costs			
Proved, including future development capital ("FDC") [$/BOE]	**$ 4.86**	$ 21.90	- 78%
Proved plus probable, including FDC [$/BOE]	**$ 3.47**	$ 11.36	- 69%
Estimated recycle ratio, proved plus probable reserves	**2.8 x**	0.7 x	
Land Holdings [net acres]			
Developed	**208,984**	208,895	0%
Undeveloped	**647,770**	521,413	+ 24%
Total	**856,754**	730,308	+ 17%
Production			
Oil and NGLs [bbls/d]	**7,779**	6,698	+ 16%
Gas [Mcf/d]	**79,009**	71,272	+ 11%
Combined [BOE/d]	**20,947**	18,577	+ 13%
Net asset value [$M]	**1,825,395**	1,130,117	+ 62%
Net asset value per share - diluted	**$ 9.20**	$ 6.65	+ 38%

PRODUCTION

Kelt achieved a record high calendar year average production in 2016. Average production for 2016 was 20,947 BOE per day, up 13% from average production of 18,577 BOE per day in 2015. Production per million shares was 121 BOE per day, up from 120 BOE per day in 2015. Production for 2016 was weighted 37% oil and NGLs and 63% gas. During the fourth quarter of 2016, gas plant outages and intermittent pipeline and facility downtime negatively impacted average production by approximately 1,900 BOE per day.

Average production for December 2016 ("2016 Exit Rate") was 20,370 BOE per day, weighted 37% oil and NGLs and 63% gas. During the fourth quarter of 2016, Kelt drilled six wells that were uncompleted ("DUCs") as at December 31, 2016. These DUCs are expected to be put on production in the first quarter of 2017 and therefore, production from these wells, is not included in the 2016 Exit Rate. After giving effect to the disposition of its Karr assets in January 2017, of which approximately 1,300 BOE per day of production was included in the 2016 Exit Rate, the Company is forecasting a 2017 Exit Rate of 25,000 BOE per day, up 31% from the 2016 Exit Rate, excluding disposed Karr production.

RESERVES

Kelt retained Sproule Associates Limited ("Sproule"), an independent qualified reserve evaluator to prepare a report on its oil and gas reserves. The Company has a Reserves Committee which oversees the selection, qualifications and reporting procedures of the independent qualified reserves evaluator. Reserves as at December 31, 2016 and at December 31, 2015 were determined using the guidelines and definitions set out under National Instrument 51-101 ("NI 51-101").

At December 31, 2016, Kelt's proved plus probable reserves were 194.1 million BOE, up 29% from 150.5 million BOE at December 31, 2015. The Company's net present value of proved plus probable reserves at December 31, 2016, discounted at 10% before tax, was $1.7 billion, an increase of 46% from $1.2 billion at December 31, 2015. This increase was achieved despite lower forecasted oil and gas prices for the majority of the future years in the December 31, 2016 evaluation (see "Commodity Prices" table below). Sproule's forecasted commodity prices for 2017 used to determine the present value of the Company's reserves at December 31, 2016, are USD 55.00/bbl for WTI oil and $3.26/GJ for AECO gas.

The following table outlines a summary of the Company's reserves at December 31, 2016:

SUMMARY OF RESERVES					
	Oil & NGLs [Mbbls]	Gas [MMcf]	Combined [MBOE]	NPV10% BT ($M)	NPV10% BT ($/BOE)
Proved Developed Producing	11,915	135,318	34,468	$ 422,806	$ 12.27
Proved Developed Non-producing	578	4,890	1,393	$ 13,640	$ 9.79
Proved Undeveloped	25,435	281,384	72,332	$ 503,771	$ 6.96
Total Proved	**37,928**	**421,592**	**108,193**	**$ 940,216**	**$ 8.69**
Probable Additional	33,965	311,445	85,873	$ 790,474	$ 9.21
Total Proved plus Probable	**71,893**	**733,037**	**194,066**	**$ 1,730,690**	**$ 8.92**

Proved developed producing reserves at December 31, 2016 were 34.5 million BOE, an increase of 2% from 33.8 million BOE at December 31, 2015. Total proved reserves at December 31, 2016 were 108.2 million BOE, up 29% from 83.8 million BOE at December 31, 2015. Proved plus probable reserves at December 31, 2016 were 194.1 million BOE, an increase of 29% from 150.5 million BOE at December 31, 2015.

The following table shows the change in reserves year-over-year by reserve category:

CHANGE IN RESERVES – YEAR OVER YEAR			
[MBOE]	**December 31, 2016**	December 31, 2015	Percent Change
Proved Developed Producing	**34,467**	33,836	+ 2%
Proved Developed Non-producing	**1,393**	2,152	- 35%
Proved Undeveloped	**72,333**	47,847	+ 51%
Total Proved	**108,193**	83,835	+ 29%
Probable Additional	**85,873**	66,672	+ 29%
Total Proved plus Probable	**194,066**	150,507	+ 29%

Future development capital ("FDC") expenditures of $589 million are included in the evaluation for total proved reserves and are expected to be spent as follows: $113 million in 2017, $182 million in 2018, $135 million in 2019, $136 million in 2020, and $23 million thereafter. FDC expenditures of $948 million are included in the evaluation of proved plus probable reserves and are expected to be spent as follows: $146 million in 2017, $224 million in 2018, $225 million in 2019, $231 million in 2020 and $122 million thereafter.

The following table outlines FDC expenditures and future wells to be drilled by province, included in the December 31, 2016 proved plus probable reserve evaluation:

FUTURE DEVELOPMENT CAPITAL EXPENDITURES – PROVED PLUS PROBABLE RESERVES						
	December 31, 2016			December 31, 2015		
	FDC ($M)	**Net Wells**	**FDC/well ($M)**	FDC ($M)	Net Wells	FDC/well ($M)
Alberta Montney HZ wells	**260,716**	**49.3**	**5,288**	276,625	41.8	6,618
B.C. Montney HZ wells	**312,482**	**51.0**	**6,127**	137,057	21.0	6,526
Total Montney HZ Wells	**573,198**	**100.3**		413,682	62.8	
Other formations – HZ wells	**347,556**	**76.7**	**4,531**	444,654	64.1	6,937
Other expenditures	**26,863**	**-**		9,847	-	
Total FDC Expenditures	**947,617**	**177.0**		868,183	126.9	

The WTI oil price during the three years 2014 to 2016 averaged USD 61.71 per barrel. After a precipitous decline since 2014, Sproule is forecasting an average WTI oil price of USD 55.00 per barrel in 2017. Natural gas prices during the 2014 to 2016 period at AECO-C averaged $2.97 per GJ. Sproule is forecasting an average AECO-C gas price of $3.26 per GJ in 2017.

The following table outlines forecasted future prices that Sproule has used in their evaluation of the Company's reserves:

COMMODITY PRICES									
	December 31, 2016 Evaluation						December 31, 2015 Evaluation		
	WTI Cushing Crude Oil [USD/bbl]		**USD/CAD Exchange [USD]**		**AECO-C Natural Gas [$/GJ]**		WTI Cushing Crude Oil [USD/bbl]	USD/CAD Exchange [USD]	AECO-C Natural Gas [$/GJ]
2014 (historical)	**93.00**		**0.905**		**4.27**		93.00	0.905	4.27
2015 (historical)	**48.80**		**0.783**		**2.56**		48.80	0.783	2.56
2016 (historical/future)	**43.32**	- 4%	**0.755**	+ 1%	**2.07**	- 3%	45.00	0.750	2.13
2017 (future)	**55.00**	- 8%	**0.780**	- 2%	**3.26**	+ 16%	60.00	0.800	2.80
2018 (future)	**65.00**	- 7%	**0.820**	- 1%	**3.10**	- 4%	70.00	0.830	3.24
2019 (future)	**70.00**	- 12%	**0.850**	0%	**3.05**	- 18%	80.00	0.850	3.71
2020 (future)	**71.40**	- 12%	**0.850**	0%	**3.71**	- 7%	81.20	0.850	3.98
2021 (future)	**72.83**	- 12%	**0.850**	0%	**3.79**	- 7%	82.42	0.850	4.06

Note: Percent change in the above table shows the change in price used in the 2016 evaluation compared to the price used in the 2015 evaluation for the respective calendar years.

The Company's net present value of proved plus probable reserves at December 31, 2016, discounted at 10% before tax, was $1.7 billion and the undiscounted future net cash flow, before tax, was $3.9 billion. The Company's net present value of proved plus probable reserves, discounted at 10% after tax was $1.4 billion and the undiscounted future net cash flow, after tax, was $3.1 billion.

The following table is a net present value summary as at December 31, 2016:

NET PRESENT VALUE SUMMARY (BEFORE TAX)			
	Undiscounted [$M]	NPV 5% [$M]	NPV 10% [$M]
Proved Developed Producing	623,758	503,989	422,806
Total Proved	1,954,006	1,288,996	940,216
Total Proved plus Probable	**3,908,891**	**2,459,498**	**1,730,690**
NET PRESENT VALUE SUMMARY (AFTER TAX)			
Proved Developed Producing	623,758	503,989	422,806
Total Proved	1,691,722	1,144,735	850,164
Total Proved plus Probable	**3,122,274**	**1,999,636**	**1,424,542**

During 2016, the Company's capital expenditures, net of dispositions, resulted in proved plus probable reserve additions of 51.2 million BOE, resulting in 2P FD&A costs of $3.47 per BOE, including FDC expenditures. Proved reserve additions in 2016 were 32.0 million BOE, resulting in 1P FD&A costs of $4.86 per BOE, including FDC expenditures.

Despite a significant reduction in capital expenditures in 2016, Kelt was able to show significant reserve additions from new wells and from existing wells, which after an additional twelve months of production history, have exceeded previous type curve estimates. Estimated capital expenditures in 2016 were $98.3 million (unaudited), down 80% from $497.3 million in 2015. The Company considers the significant reduction in FD&A costs in 2016 to be a good result considering it also increased its undeveloped land acreage by 24% year-over-year by acquiring exploratory lands on two new Montney plays located at Oak/Flatrock in British Columbia and Pipestone/Wembley in Alberta.

The recycle ratio is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment. It accomplishes this by comparing the operating netback per BOE to the same period's reserve FD&A cost per BOE. Since inception, Kelt has successfully added high quality reserves at an all-in 2P FD&A cost of $11.36 per BOE. Since inception, corporate operating netbacks have averaged $14.01 per BOE, giving the Company an inception to date recycle ratio of 1.2 times. With the purchase and construction of facilities and infrastructure in 2015 and 2016, along with land and asset acquisitions during both years, Kelt has positioned itself to achieve further efficiencies in production additions and finding and development costs over the upcoming years, as it transitions to development/pad drilling.

Kelt's 2016 capital investment program resulted in net reserve additions that replaced 2016 production by a factor of 4.2 times on a proved basis and 6.7 times on a proved plus probable basis.

The following table provides detailed calculations relating to FD&A costs for 2016 and 2015:

	Year ended December 31, 2016	Year ended December 31, 2015	**Inception to December 31, 2016**
1P RESERVES			
Capital expenditures [$000's] *(2016 unaudited)*	**98,268**	497,273	**1,490,545**
Change in FDC costs required to develop reserves [$000's]	**57,241**	148,500	**588,541**
Total capital costs [$000's]	**155,509**	645,773	**2,079,086**
Reserve additions, net [MBOE]	**32,010**	29,489	**128,699**
FD&A cost, including FDC [$/BOE]	**4.86**	21.90	**16.15**
Operating netback [$/BOE] *(2016 unaudited)*	**9.87**	10.09	**14.01**
Recycle ratio – proved	**2.0 x**	0.5 x	**0.9 x**
2P RESERVES			
Capital expenditures [$000's] *(2016 unaudited)*	**98,268**	497,273	**1,490,545**
Change in FDC costs required to develop reserves [$000's]	**79,416**	362,900	**947,616**
Total capital costs [$000's]	**177,684**	860,173	**2,438,161**
Reserve additions, net [MBOE]	**51,211**	58,150	**214,572**
FD&A cost, including FDC [$/BOE]	**3.47**	14.79	**11.36**
Operating netback [$/BOE] *(2016 unaudited)*	**9.87**	10.09	**14.01**
Recycle ratio – proved plus probable	**2.8 x**	0.7 x	**1.2 x**

RESERVES RECONCILIATION

During 2016, 12.5 million BOE of proved plus probable reserves (8.1 million BOE of proved reserves) were added through positive technical revisions, primarily as a result of better well performance in both of Kelt's core Montney prospects in British Columbia and Alberta.

A reconciliation of Kelt's proved plus probable reserves is provided in the table below:

PROVED PLUS PROBABLE RESERVES			
	Oil & NGLs [Mbbls]	**Gas** [MMcf]	**Combined** [MBOE]
Balance, December 31, 2015	**54,377**	**576,779**	**150,507**
Extensions	12,839	149,769	37,801
Infill drilling	1,360	6,470	2,438
Technical revisions	6,682	34,649	12,457
Acquisitions	833	3,851	1,475
Dispositions	(139)	(239)	(178)
Economic factors	(1,212)	(9,414)	(2,782)
Net additions	**20,363**	**185,086**	**51,211**
Less: 2016 Production *[1]*	(2,847)	(28,828)	(7,652)
Balance, December 31, 2016 *[2]*	**71,893**	**733,037**	**194,066**

[1] Sulphur production of 8,935 Lt (15 MBOE) has been excluded in the above table.
[2] Sulphur reserves of 1,990 MLt (3,317 MBOE) have been excluded in the above table.

A reconciliation of Kelt's proved reserves is provided in the table below:

PROVED RESERVES			
	Oil & NGLs [Mbbls]	**Gas** [MMcf]	**Combined** [MBOE]
Balance, December 31, 2015	**29,264**	**327,423**	**83,835**
Extensions	6,629	88,308	21,347
Infill drilling	1,599	10,578	3,362
Technical revisions	3,420	27,931	8,075
Acquisitions	670	3,092	1,185
Dispositions	(102)	(178)	(132)
Economic factors	(705)	(6,734)	(1,827)
Net additions	**11,511**	**122,997**	**32,010**
Less: 2016 Production *[1]*	(2,847)	(28,828)	(7,652)
Balance, December 31, 2016 *[2]*	**37,928**	**421,592**	**108,193**

[1] Sulphur production of 8,935 Lt (15 MBOE) has been excluded in the above table.
[2] Sulphur reserves of 1,048 MLt (1,747 MBOE) have been excluded in the above table.

NET ASSET VALUE

Kelt's net asset value at December 31, 2016 was $9.03 per share, up 36% from the previous year. Details of the calculation are shown in the table below:

NET ASSET VALUE PER SHARE		
	As at December 31, 2016 [$M]	As at December 31, 2015 [$M]
P&NG reserves, NPV10% BT	1,730,690	1,185,240
Decommissioning obligations, NPV10% BT *[unaudited] [1]*	(9,462)	(13,047)
Undeveloped land	212,528	168,674
Bank debt, net of working capital *[unaudited]*	(138,044)	(211,461)
Proceeds from exercise of stock options *[2]*	29,683	0
Net asset value	**1,825,395**	**1,129,406**
Diluted common shares outstanding (000's) *[2]*	198,504	169,872
Net asset value per share ($/share)	**9.20**	**6.65**

[1] The net present value of decommissioning obligations included above is incremental to the amount included in the present value of P&NG reserves as evaluated by Sproule.
[2] The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of KEL of $6.77 and $4.24 per common share respectively, as at December 31, 2016 and 2015. There were no "in-the-money" stock options at December 31, 2015.

[3] The 5% convertible debentures that mature on May 31, 2021 are convertible to common shares at $5.50 per share. At the December 31, 2016 closing price of $6.77, the convertible debentures are "in-the-money" and 16.4 million shares issuable upon conversion are included in diluted common shares outstanding.

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 cautionary statement on forward-looking statements and information set out 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 forecasted 2017 Exit Rate for production; and forecasted future commodity prices used by Sproule in their evaluation. 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 is "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. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

NON-GAAP MEASURES

This document 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.

"Finding, development and acquisition" or "FD&A" cost is the sum of capital expenditures incurred in the period and the change in future development capital required to develop reserves. FD&A cost per BOE is determined by dividing current period net reserve additions into the corresponding period's FD&A cost. Readers are cautioned that the aggregate of capital expenditures incurred in the year, comprised of exploration and development costs and acquisition costs, and the change in estimated FDC generally will not reflect total FD&A costs related to reserves additions in the year.

"Recycle ratio" is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment by comparing the operating netback per BOE to FD&A cost per BOE.

"Net asset value per share" is calculated by adding the net present value of P&NG reserves, undeveloped land value and proceeds from exercise of stock options, less the net present value of decommissioning obligations and bank debt, net of working capital, and dividing by the diluted number of common shares outstanding. The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of KEL common shares as at the calculation date. The diluted number of common shares outstanding includes common shares to be issuable upon conversion of the convertible debentures that are "in-the-money" based on the closing price of KEL common shares as at the calculation date.

MEASUREMENTS AND ABBREVIATIONS

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. This MD&A 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 MD&A 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. Such abbreviation may be misleading, particularly if used in isolation.

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
Lt	long tons
BOE	barrel of oil equivalent
MBOE	thousand barrels of oil equivalent
BOE/d	barrel of oil equivalent per day
NGLs	natural gas liquids
AECO-C	Alberta Energy Company "C" Meter Station of the Nova Pipeline System
WTI	West Texas Intermediate
NYMEX	New York Mercantile Exchange
$M	thousands of dollars

USD	United States dollars
CAD	Canadian dollars
TSX	the Toronto Stock Exchange
KEL-T	trading symbol for Kelt Exploration Ltd. on the Toronto Stock Exchange
GAAP	Generally Accepted Accounting Principles
FD&A	finding, development and acquisition
FDC	future development capital
1P	proved reserves
2P	proved plus probable reserves
BT	before tax
AT	after tax
NPV	net present value
NPV 5%	net present value discounted at five percent
NPV 10%	net present value discounted at ten percent
P&NG	petroleum and natural gas
HZ	horizontal
DUCs	drilled but uncompleted wells

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, Finance and Chief Financial Officer (403) 215-5310.
Or visit our website at www.keltexploration.com.