PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
October 6, 2017
Calgary, Alberta

KELT PROVIDES GAS MARKETING UPDATE AND ANNOUNCES FLOW-THROUGH EQUITY FINANCING

Kelt Exploration Ltd. ("Kelt" or the "Company") has subscribed to TransCanada Corporation's Dawn Long Term Fixed Price (LTFP) service and in addition, has entered into various natural gas sales contracts in order to provide the Company with exposure to diversified gas price hubs and reduce exposure to a single market.

Effective November 1, 2017, Kelt's gas market sales portfolio will consist of the following contracts:

Market Term (Sales)	Volume (MMBtu/d)	Percent @ Nov/1/17	Market Price
Nov/1/17 – Oct/31/27	23,695	31%	**DAWN** USD Daily Index
Nov/1/17 – Oct/31/20	15,000	20%	**MALIN** USD NGI FOM Index less US$0.70/MMBtu
Nov/1/17 – Oct/31/20	11,990	16%	**SUMAS** USD Monthly Index less US$0.679/MMBtu
Nov/1/17 – Oct/31/18	3,000	4%	**SUMAS** USD Monthly Index less US$0.76/MMBtu
Nov/1/17 – Oct/31/18 *	10,330	14%	**CHICAGO** City Gate USD Gas Daily Index
Nov/1/17 – Oct/31/18	11,305	15%	**AECO** CAD Daily (5A) Index
TOTAL (effective Nov/1/17)	**75,320**	**100%**	

** The Company also has access to priority interruptible transportation service ("PITS") equating to 25% (2,580 MMBtu/d) of its firm service volume on the Alliance pipeline system under which Kelt can increase the amount of gas sales from its British Columbia properties into the Chicago market.*

During 2017, Kelt expects that its oil and NGLs production will contribute approximately 76% of its aggregate operating income and gas production will contribute the remaining 24%.

Due to the recent volatility in AECO gas prices, Kelt has elected to temporarily shut-in approximately 21.4 MMcf/d of dry gas production (3,770 BOE/d including associated NGLs) at its Grande Cache and West Pouce Coupe properties in Alberta. AECO CAD Daily (5A) Index prices have averaged $1.55/GJ, $1.65/GJ and $0.93/GJ during the months of July, August and September 2017, respectively. The Company has elected to shut-in production at its dry gas properties due to the weakness in the current AECO price primarily caused by transportation bottlenecks on the entire Western Canadian pipeline transportation system. Kelt expects to keep this production shut-in until AECO prices improve or until November 1, 2017, at which time the Company can direct its gas to non-AECO priced contracts in its gas market sales portfolio. The impact to 2017 guidance based on previously forecasted commodity prices during a 30-day shut-in period with respect to these production volumes would reduce Kelt's 2017 average production guidance of 22,500 BOE per day by 310 BOE per day (1.4%) and previously forecasted 2017 funds from operations of $124.0 million would be reduced by approximately $750,000 (0.6%).

In addition, the Company currently has approximately 4.8 MMcf/d of gas production (1,000 BOE/d including associated NGLs) behind pipe in British Columbia awaiting new compression. In light of the current low gas price environment, the Company has delayed adding compression in order to bring the behind pipe production on-stream and expects to time the production additions with its new gas price contracts starting in November 2017.

FLOW-THROUGH EQUITY FINANCING

Kelt has determined to issue, by way of a non-brokered private placement, 1.4 million common shares on a "flow-through" basis in respect of Canadian Development Expenses ("CDE") at a price of $7.75 per share resulting in gross proceeds of $11.0 million (the "Private Placement"). Along with certain other subscribers, directors, officers and employees of the Company have subscribed to purchase approximately 8.3% of the Private Placement.

Kelt shall, pursuant to the provisions in the *Income Tax Act* (Canada), incur eligible CDE (the "Qualifying Expenditures"), after the closing date and prior to December 31, 2017 in the aggregate amount of not less than the total amount of the gross proceeds raised from the Private Placement. Kelt shall renounce the Qualifying Expenditures so incurred to the purchasers of the flow-through common shares with an effective date on or prior to December 31, 2017. The Private Placement is subject to certain conditions including normal regulatory approvals and specifically, the approval of the Toronto Stock Exchange. 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.

Closing for approximately 89% of the Private Placement is expected to occur on or about October 11, 2017. The remaining 11% of the Private Placement is expected to close on or around October 27, 2017.

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.

OPERATIONS UPDATE

Proceeds from the Private Placement will be used to increase the Company's budgeted drilling and completion expenditures during the remainder of 2017. Kelt expects to increase its 2017 capital expenditure budget with the drilling of five wells on its second pad at Pouce Coupe, Alberta, targeting Montney Oil, where wells from the first multi-well pad at Pouce Coupe paid out in under a year during 2017 (in the current commodity price environment). These five new wells are expected to be completed in January 2018 and will be put on production thereafter into the Company's expanded compression and pipeline infrastructure recently installed at Pouce Coupe.

At Inga, British Columbia, Kelt believes it has fully delineated the Upper Montney on its lands and expects to drill and complete five development wells off a pad. This operation is expected to commence in 2017 and is expected to be completed in the first quarter of 2018. The Company expects to drill its fifth Middle Montney well at Inga in the fourth quarter of 2017 as it continues to delineate the Middle Montney with encouraging results from the first four wells. Kelt has drilled its first Upper Middle (IBZ) well at Inga and expects to complete and test this well by the middle of November 2017.

At Wembley/Pipestone, Alberta, Kelt is targeting the Montney formation in the volatile oil window where the reservoir is expected to be over-pressured. The Company has completed its first exploration well located at 00/04-01-072-08W6. The well was completed using the ball drop hydraulic fracturing method. The horizontal lateral of the well was approximately 2,900 metres and the well was completed using slick-water comprising 50 fracture stages. The well cost approximately $5.7 million to drill and complete. After flowing the well back on a 12 day clean-up, the well, over the last five days of the test, produced average sales volumes of approximately 1,567 BOE per day (64% oil, 20% NGLs and 16% gas). The high NGLs (35% are condensate/pentane) are a result of the high heat value of the gas and the ensuing deep-cut recoveries at the Wembley Gas Plant where Kelt has an ownership interest. The well has now been tied in to the Wembley Gas Plant, however, due to a compressor failure at the plant, the well is not expected to be put on production until mid-November 2017. Given the encouraging results from its first exploration well, the Company expects to follow-up with at least three more wells on its large Wembley/Pipestone land block prior to the end of 2018.

Kelt expects to release its 2017 third quarter results on or about November 9, 2017. At that time, the Company expects to provide shareholders with 2018 guidance including forecasted capital expenditures, production and funds from operations.

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 composition of Kelt’s gas marketing contract sales portfolio effective November 1, 2017; the expected duration of the temporary shut-in by Kelt of certain dry gas properties; the Company’s plans to incur and renounce Qualifying Expenditures and the expected closing and closing dates of the Private Placement; the various expected drilling and completion operations to be carried out in 2017 and 2018; and the timing of the release of Kelt’s third quarter results and 2018 guidance. 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. Actual reserves may be greater than or less than the estimates provided herein. Test results and initial production rates disclosed herein may not necessarily be indicative of long-term performance or of ultimate hydrocarbon recovery.

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.

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 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.

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

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
AECO	Alberta Energy Company “C” Meter Station of the Nova Pipeline System
NGI	Natural Gas Intelligence
FOM	first of month
USD	United States dollars
CAD	Canadian dollars
CDE	Canadian Development Expenses
TSX	Toronto Stock Exchange
KEL	stock trading symbol for Kelt Exploration Ltd. common shares on the TSX

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