

**KELT EXPLORATION LTD.**  
**(the “Corporation”)**

**DISCLOSURE, CONFIDENTIALITY AND TRADING POLICY**

**1. PURPOSE**

The purpose of this Disclosure, Confidentiality and Trading Policy (the “**Disclosure Policy**”) is to:

- (a) ensure that the communications of the Corporation with the public are timely, factual and accurate and are broadly disseminated in accordance with all applicable legal and regulatory requirements;
- (b) ensure that non-publicly disclosed information remains confidential; and
- (c) ensure that trading of the Corporation’s securities by directors, officers and employees of the Corporation remain in compliance with applicable securities laws.

**2. APPLICATION AND ENFORCEMENT**

This Disclosure Policy extends to all directors, officers and employees of the Corporation. “Employees” of the Corporation include permanent, contract and temporary employees, and include independent contractors who are engaged in an employee-like capacity of the Corporation. This Disclosure Policy also extends to consultants and advisors retained by the Corporation and any other person authorized to act as a spokesperson of the Corporation.

New directors, officers and employees will be provided with a copy of this Disclosure Policy and will be advised of its importance. This Disclosure Policy will be circulated to all directors, officers and employees on an annual basis and whenever changes are made to its contents.

Any employee who violates this Disclosure Policy may face disciplinary action up to and including termination of his or her employment or contract position with the Corporation without notice. Violation of this Disclosure Policy may also violate certain securities laws or regulations of the Toronto Stock Exchange (“**TSX**”), where the Corporation’s securities are listed. If it appears that an employee may have violated such securities laws or TSX regulations, the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

The Board of Directors of the Corporation (the “**Board**”) shall monitor the effectiveness and integrity of this policy, and any questions regarding this policy should be directed to a member of the Board. Specific officers of the Company (a “**Disclosure Officer**”) are responsible for overseeing the Corporation’s disclosure practices, including any one of the Corporation’s President and Chief Executive Officer and the Vice President, Finance and Chief Financial Officer.

**3. TIMELY DISCLOSURE OF MATERIAL INFORMATION**

It is essential that the Disclosure Officers be kept fully apprised of all pending material developments concerning the Corporation in order to evaluate and discuss those events and to determine the appropriateness and timing of public release of information. If any officer, director or employee of the Corporation becomes aware of any information which may constitute material information they must forthwith advise a Disclosure Officer. If any officer, director or employee is unsure whether or not

information is material, they should immediately contact a Disclosure Officer before disclosing it to anyone.

All written public disclosure shall be circulated for review and approval by a Disclosure Officer. All such disclosure shall also be reviewed and approved by the Board or a committee of the Board if required by law or this Disclosure Policy.

The Board will recommend changes to this Disclosure Policy as needed to comply with changing regulatory requirements.

#### **4. DETERMINING MATERIALITY**

Material information is any information relating to the business and affairs of the Corporation that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Corporation's listed securities, or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions. Material information may include, but is not limited to, the following:

- (a) changes in share ownership that may affect control of the Corporation;
- (b) changes in corporate structure, such as reorganizations, amalgamations, etc.;
- (c) take-over bids or issuer bid;
- (d) major corporate acquisitions or dispositions;
- (e) changes in capital structure;
- (f) borrowing of a significant amount of funds;
- (g) public or private sale of additional securities;
- (h) development of new products and developments affecting the Corporation's resources, technology, products or market;
- (i) significant discoveries;
- (j) entering into or loss of significant contract;
- (k) firm evidence of significant increases or decreases in near-term earnings prospects;
- (l) changes in capital investment plans or corporate objectives;
- (m) significant changes in management;
- (n) significant litigation;
- (o) major labour disputes or disputes with major contractors or suppliers; and
- (p) events of default under financing or other agreements.

It is the Disclosure Officer's responsibility to determine what information is material in the context of the Corporation's affairs.

In complying with the requirement to disclose material information under applicable laws and stock exchange rules, the Corporation will adhere to the following basic disclosure principles:

- (a) subject to certain exceptions, material information will be publicly disclosed immediately via news release;
- (b) disclosure will include any information, the omission of which would make the rest of the disclosure misleading, and will provide sufficient detail to permit investors to appreciate the substance and importance of the information;
- (c) unfavourable information will be disclosed just as promptly and completely as favourable information;
- (d) selective disclosure is not acceptable. If previously undisclosed material information has been inadvertently disclosed to any person who is not bound by an express confidentiality obligation, such information will be broadly disclosed immediately via news release. Disclosure made to analysts cannot be protected by a confidentiality agreement;
- (e) if material information that is not in the public domain is to be announced at an analyst meeting or a news conference, its announcement must be co-ordinated with a general public announcement by news release;
- (f) derivative information (which is information extracted from a document filed on behalf of another person or company) which is included in a document or oral statement should include a reference identifying the document that was the source of the information;
- (g) dissemination of information via the Corporation's website alone does not constitute adequate disclosure of material information; and
- (h) disclosure must be corrected immediately if it is subsequently discovered that earlier disclosure contained a material error at the time it was given.

## **5. CONFIDENTIAL MATERIAL INFORMATION**

In certain circumstances, a Disclosure Officer or the Board may determine that disclosure of certain information would be unduly detrimental to the Corporation (for example, if releasing the information would prejudice negotiations in a corporate transaction), in which case, the information will be kept confidential until a Disclosure Officer or the Board, as applicable, determines it is appropriate to publicly disclose.

Where disclosure of a material change is delayed, the Corporation must maintain complete confidentiality. During the period before a material change is disclosed, market activity in the Corporation's securities should be carefully monitored. Any unusual market activity may mean that news of the matter has been leaked and that certain persons are taking advantage of it. If the confidential material change, or rumours about it, have leaked or appear to be impacting the price of the securities, the Corporation should immediately take steps to ensure that a full public announcement is made. This would include contacting the TSX and asking that trading be halted pending the issuance of a news release.

Where a material change is being kept confidential, persons with knowledge of the material change may not use such information in purchasing or selling its securities. Such information should not be disclosed to any person or company, except in the necessary course of business. If the Corporation discloses

material information under the “necessary course of business” exception, it should make sure that those receiving the information understand that they are now in a “special relationship” with the Corporation and cannot pass the information on to anyone else (other than in the “necessary course of business”), or trade on the information, until it has been generally disclosed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with the Corporation should be considered.

## **6. MAINTAINING CONFIDENTIALITY**

Any employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to confidential information to only those who need to know the information and those persons will be advised that the information is to be kept confidential.

Outside parties privy to undisclosed material information concerning the Corporation must be told that they must not divulge such information to anyone else, other than in the necessary course of business, and that they may not trade in the Corporation’s securities until the information is publicly disclosed.

To prevent the misuse or inadvertent disclosure of material information, the following procedures should be observed at all times:

- (a) documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who “need to know” that information in the necessary course of business. Code names should be used if necessary;
- (b) confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
- (c) confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them;
- (d) employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office;
- (e) transmission of documents by electronic means, such as by fax, email or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
- (f) unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed; and
- (g) access to confidential electronic data should be restricted through the use of passwords.

## **7. NEWS RELEASES**

Once a Disclosure Officer determines that a development is material, it will authorize the issuance of a news release, unless the Disclosure Officer or the Board determines that such development should remain confidential for a period of time, in which case appropriate confidential filings will be made and controls of that inside information will be instituted.

If the TSX is open for trading at the time of a proposed announcement, the Corporation will endeavour to provide prior notice of a news release announcing material information to the market surveillance division of the TSX to enable market surveillance to determine if a trading halt is in order. If a news release announcing material information is issued outside of trading hours, the Corporation will endeavour to provide notice to market surveillance before the news release is issued.

News releases containing guidance and financial results will be reviewed by the Audit Committee prior to issuance. Annual and interim financial results will be publicly released as soon as practicable following approval of the Audit Committee or the Board, as applicable, of the applicable press release and related financial statements.

News releases will be disseminated through an approved news wire service that provides simultaneous national distribution. News releases will also be posted on the Corporation's website after release over the news wire.

## **8. FORWARD-LOOKING INFORMATION**

Subject to authorization from a Disclosure Officer or the Board, the Corporation may elect to discuss forward-looking information (such as financial guidance on revenues, earnings, or results) in press releases, conference calls or presentations. The Disclosure Officer will ensure that this information, if deemed material, will be broadly disseminated in accordance with this Disclosure Policy. The Disclosure Officer must ensure that there is a reasonable basis for drawing any conclusions or making any forecasts and projections set out in the forward-looking information. For documents containing forward-looking information, the Disclosure Officer must ensure that the document contains, proximate to the forward-looking information: (i) reasonable cautionary language clearly identifying the forward-looking information as such and any material factors that could cause actual results to differ materially from any conclusion, forecast or projections in the forward-looking information; and (ii) a statement of the material facts or assumptions that were applied in drawing such conclusion or making such forecast or projection.

For public oral statements, the Disclosure Officer must ensure that the person making such statement states that: (i) the oral statement contains forward-looking information; (ii) the actual results could differ materially from any conclusion, forecast or projections in the forward-looking information; (iii) certain material facts or assumptions were applied in drawing such conclusion or making such forecast or projection; and (iv) additional information is contained in a readily-available document (which document shall be specifically identified to the audience for such oral statements) regarding the material factors or other risks that could cause actual results to differ materially from any conclusion, forecast or projections in the forward-looking information and the material factors and assumptions that were applied in drawing such conclusion or making such forecast or projection. For both documents and public oral statements, the disclosure should include a statement that disclaims the Corporation's intention or obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

## **9. CONFERENCE CALLS**

Conference calls may be held to enable management to discuss quarterly earnings and major corporate developments if authorized by a Disclosure Officer or the Board, as the case may be. Conference calls shall be simultaneously accessible to all interested parties, whether they actively participate by telephone, or merely listen in by telephone or through an Internet webcast. Each such call will be preceded by a news release setting out relevant material information. At the beginning of the call, a spokesperson of the Corporation or other appropriate personnel as designed by the Disclosure Officer or the Board, will provide appropriate cautionary language respecting any forward-looking information, and will direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion

of the risks and uncertainties. In advance of a conference call or industry conference call, to the extent practicable, the Corporation will endeavor to script comments and responses to anticipated questions to identify material information that should be publicly disclosed and will limit comments and responses to non-material information and material information that has previously been publicly disclosed.

The Corporation will provide advance notice of any conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and webcast. In addition, the Corporation may invite analysts, institutional investors, the media and other interested parties to participate.

The Disclosure Officer or the Board may hold a debriefing meeting immediately after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Corporation will immediately disclose such information broadly via news release. If such debriefing uncovers any misstatement or omission, the Disclosure Officer or the Board will consider and authorize release of an appropriate statement or other disclosure correcting such misstatement or omission.

Any supplemental information provided to participants will also be posted on the Corporation's website for others to view. A tape recording of the conference call and/or an archived audio webcast will be made available for a minimum of 72 hours following the call.

## **10. QUIET PERIODS**

In order to avoid the potential for selective disclosure, or the perception or appearance of selective disclosure, the Corporation will observe quiet periods prior to quarterly and year-end earnings announcements or when material changes are pending. During a quiet period, the Corporation will not initiate or participate in any meetings or telephone contacts with analysts and investors and no earnings guidance will be provided to anyone, other than responding to unsolicited inquiries concerning factual matters. The quiet period normally commences on the date that is 10 business days before the scheduled news release disclosing the quarterly or year-end financial results and ceases upon the issuance of a news release disclosing quarterly or year-end financial results.

Additional quiet periods may be established from time to time by the Corporation as a result of special circumstances relating to the Corporation. The existence of a special purpose quiet period will be communicated by a means approved by the Board (which may include email).

## **11. DESIGNATED SPOKESPERSONS AND RUMOURS**

The Corporation has designated the following spokespersons responsible for communication with the investment community, regulators and the media, namely, the President and Chief Executive Officer and the Vice President, Finance and Chief Financial Officer or such other individuals as may be designated by the Board, from time to time.

The individuals listed above may, from time to time, designate others within the Corporation to speak on behalf of the Corporation as back-ups or to respond to specific inquiries.

Employees and directors who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. All such inquiries should be referred to one of the designated spokespersons.

The Corporation does not comment, affirmatively or negatively, on rumours. The Corporation's spokespersons will respond consistently to any rumours with the following comment: "It is our policy not to comment on market rumours or speculation."

Should the TSX request or require that the Corporation make a definitive statement in response to a market rumour that is causing significant volatility in the securities of the Corporation; a Disclosure Officer or the Board will consider the matter and respond accordingly. If the rumour is true, in whole or in part, the Corporation will immediately issue a news release disclosing the relevant information.

## **12. TRADING RESTRICTIONS AND BLACKOUT PERIODS**

It is illegal for anyone with knowledge of material information affecting a public issuer that has not been publicly disclosed to purchase or sell securities of that issuer. It is also illegal for anyone to inform any other person of material non-public information ("**tipping**"), except in the necessary course of business and where approved by the Board. There are serious sanctions for these matters, including substantial fines and potential jail sentences of up to 10 years for insider trading and up to 5 years for tipping. Therefore, directors, officers and employees with knowledge of confidential or material information about the Corporation or counter-parties in negotiations of potentially material transactions are prohibited from trading securities of the Corporation or any counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

Quarterly and year-end trading blackout periods will apply to all directors, officers and employees during periods when financial statements are being prepared but results have not yet been publicly disclosed. Quarterly and year-end trading blackouts will commence on the date that is:

- (a) 21 days following the end of the financial period for each of the first quarter, second quarter and third quarter; and
- (b) 31 days following the end of the financial period for the fourth quarter and year-end;

and will cease at the end of the first business day following the later of the dissemination of the news release disclosing, and the filing on SEDAR of, all the quarterly or year-end financial results, as the case may be, and all related documentation

These general guidelines may be subject to change due to relevant information known at the time and as such, may be amended. The Corporation's Vice President, Finance and Chief Financial Officer will notify directors, officers and employees by email of the date a blackout period commences and the date a blackout period ceases.

For greater certainty the foregoing trading restrictions and blackout periods also apply to both the issuance of stock options and the exercise of stock options, under the Corporation's stock option plan and the grant of restricted share units under the Corporation's restricted share unit plan. The foregoing trading restrictions and blackout periods do not apply to the vesting of restricted share units under the Corporation's restricted share unit plan or the purchase of common shares under the Corporation's employee stock savings plan.

Blackout periods may also be prescribed from time to time by a Disclosure Officer or the Board as a result of special circumstances relating to the Corporation when directors, officers and employees would be precluded from trading in its securities. All parties with knowledge of such special circumstances should be covered by the blackout. These parties may include external advisors such as legal counsel, investment bankers, and other professional advisors, and counter-parties in negotiations of material potential transactions. The fact that a trading blackout has been imposed should not be discussed with

other parties. For confidentiality purposes, the Disclosure Officer or the Board, as applicable may determine that the reasons for the blackout are not to be given.

In extraordinary and limited circumstances, the Board may grant a waiver of the blackout period to a director, officer or employee.

### **13. Puts, Calls, Short Sales and Hedging**

Directors, officers and all Employees of the Corporation, shall not knowingly sell, directly or indirectly, a security of the Corporation if such person selling such security does not own or has not fully paid for the security to be sold. Directors, officers and Employees of the Corporation may not, directly or indirectly, sell a call or buy a put in respect of a security of the Corporation or any of its affiliates. Notwithstanding these prohibitions, directors, officers and Employees of the Corporation may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so acquired to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser. In addition, the grant of an option or right or the exercise of an option or right gives rise to reporting obligations and an insider trading report must be filed with respect to these matters.

For the purposes of this restriction, a “call” means an option transferable by delivery to demand delivery of a specified number or amount of securities at a fixed price within a specific time, but does not include an option or right to acquire securities of the entity that granted the option or right to acquire. A “put” is defined as an option transferable by delivery to deliver a specified number or amount of securities at a fixed price within a specified time.

Calls and puts traded by the Corporation’s directors, officers and Employees on stock markets (such as the Toronto Stock Exchange) relating to the securities of the Corporation would be covered by these restrictions.

As a matter of corporate policy, hedging transactions involving directors, officers and Employees are prohibited. Directors, officers and Employees may not, for the purpose of hedging to protect against a decrease in the market price or value of an equity-based award or securities of the Corporation, buy, sell or enter into any derivative instruments, agreements or securities, the market price, value or payment obligations of which are derived from, referenced to or based on the value of the applicable securities, or any other derivative instruments, agreements, arrangements, or understandings (commonly known as equity monetization transactions) the effect of which is to alter, directly or indirectly, the director’s, officer’s and Employee’s economic interest in securities of, or economic exposure to, the Corporation.

### **14. ANALYSTS AND ANALYST REPORTS**

#### **Contacts with Analysts, Investors and the Media**

Meetings with analysts and significant investors are an important element of the Corporation’s investor relations program. The Corporation will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in accordance with this Disclosure Policy.

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered to be material non-public information. If the Corporation intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Corporation will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information.

### **Reviewing Analyst Draft Reports and Models**

It is the Corporation's policy to review, upon request, analysts' draft research reports or models. The Corporation will review the report or model for the purpose of pointing out errors in factual content only based on publicly disclosed information. It is the Corporation's policy, when an analyst inquires with respect to his or her estimates, to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates or the Corporation's published earnings guidance. The Corporation will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and earnings estimates.

### **Distributing Analyst Reports**

Analyst reports are proprietary products of the analyst's firm. Re-circulating an analyst's report may be viewed as an endorsement by the Corporation of the report. For these reasons, the Corporation will not provide analyst reports through any means to persons outside of the Corporation, including posting such information on its website. The Corporation may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Corporation. If provided, such list will not include links to the analysts' or any other third party websites or publications.

The Corporation may distribute analyst reports internally to: (i) directors and senior officers; and (ii) the Corporation's financial and professional advisors.

## **15. ELECTRONIC COMMUNICATION**

### **Website**

This Disclosure Policy applies to electronic communications. Accordingly, directors, officers and employees responsible for written and oral public disclosures are also responsible for electronic communications.

The Corporation will continuously update the investor relations section of the Corporation's website and will monitor all information placed on the website to ensure it is complete, accurate, and current and otherwise not misleading, and to ensure compliance with relevant securities laws.

Investor relations material will be contained within a separate section of the Corporation's website. All data posted to the website, including text and audiovisual material, will identify the date such material was issued. Any material changes in information will be updated as soon as possible. Contact information for investor relations will be provided on the website.

Disclosure on the Corporation's website alone does not constitute adequate disclosure of information that is considered material information. Any disclosures of material information on the website will be preceded by the issuance of a news release. The Corporation will, however, endeavour to concurrently post to its website all "timely disclosure" documents filed on SEDAR in an effort to improving investor access to its information. Where practicable, the Corporation will also endeavour to post on its website supplemental information as given to analysts, institutional investors and other market professionals such as data books, fact sheets, slides of investor's presentations and other relevant materials. Responses to electronic inquiries will be provided as appropriate. Only public information or information that could

otherwise be disclosed in accordance with this Disclosure Policy will be utilized in responding to electronic inquiries.

### **Internet, Email**

In order to avoid inadvertent disclosure of material undisclosed information, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Corporation's activities or its securities. Employees who encounter a discussion pertaining to the Corporation should advise the Disclosure Officer immediately, so the discussion may be monitored.

Each employee's corporate email address is, in fact, an address of the Corporation. Therefore, all correspondence received and sent by e-mail is to be considered correspondence of the Corporation.

## **16. INSIDER TRADING REPORTS**

Insider trading is strictly regulated by securities laws and by the TSX.

Directors, officers and persons beneficially owning or controlling 10% or more of the voting rights of the Corporation ("**Insiders**") are required to file an initial insider trading report within ten (10) days of becoming an Insider (other than a "nil report"), and subsequent insider trading reports within five (5) days following any change in the Insider's holdings of securities of the Corporation. A change for this purpose includes a change in the Insider's direct or indirect beneficial ownership of the securities of the Corporation, including any transfer of any securities into the name of an agent, holding company, custodian or RRSP. A change also includes the grant or exercise of stock options.

Insiders must file insider trading reports electronically through the "System for Electronic Disclosure by Insiders" within the timeframes specific above. It is the responsibility of the Insider to ensure the accuracy, timeliness and proper filing of their insider trading reports as required. This responsibility applies whether or not the individual files the report themselves or relies upon some third party (including the Corporation) to do so.

Revision No. 2 adopted and approved by the Board: February 26, 2016.