PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
February 8, 2018
Calgary, Alberta

KELT REPORTS SIGNIFICANT INCREASES IN OIL & GAS RESERVES AND NET ASSET VALUE AS AT DECEMBER 31, 2017

Kelt Exploration Ltd. ("Kelt" or the "Company") is pleased to report on its oil & gas reserves and production for the year ended December 31, 2017.

Kelt's audit of its 2017 annual consolidated financial statements has not been completed and accordingly all financial amounts relating to 2017 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, 2017		December 31, 2016		YOY % Change
Proved plus Probable Reserves					
Oil & NGLs [Mbbls]	**43%**	**101,788**	37%	71,893	+ 42%
Gas [MMcf]	**57%**	**802,875**	63%	733,037	+ 10%
Combined [MBOE]	**100%**	**235,601**	100%	194,066	+ 21%
Proved plus Probable Reserve Additions *[1]*					
Oil & NGLs [Mbbls]	**63%**	**39,815**	40%	20,502	+ 94%
Gas [MMcf]	**37%**	**143,022**	60%	185,325	- 23%
Combined [MBOE]	**100%**	**63,653**	100%	51,389	+ 24%
Net Present Value of Reserves (10% BT)					
Proved Developed Producing [$M]		**422,932**		422,806	0%
Proved [$M]		**1,093,236**		940,216	+ 16%
Proved plus Probable [$M]		**2,111,574**		1,730,690	+ 22%
Net Asset Value [$M] *[2]*		**2,264,567**		1,825,395	+ 24%
Net Asset Value per share – diluted [$]		**11.08**		9.20	+ 20%
Production					
Oil & NGLs [bbls/d]	**42%**	**9,242**	37%	7,779	+ 19%
Gas [Mcf/d]	**58%**	**77,330**	63%	79,009	- 2%
Combined [BOE/d]	**100%**	**22,130**	100%	20,947	+ 6%

Notes:
[1] Reserve additions include changes resulting from technical revisions/economic factors and are before dispositions. More detailed information is available in the "Reserves Reconciliation" table provided in this press release.
[2] Net present value of proved plus probable reserves used in the calculation of net asset value is based on a 10% discount rate, before tax. More detailed information is available in the "Net Asset Value per Share" table provided in this press release. Refer to advisories regarding non-GAAP financial measures and other Key Performance Indicators.

INGA/FIREWEED MONTNEY OPERATIONS UPDATE

Kelt recently completed an Upper Montney well located at Fireweed 00/B-90-A/94-A-13 (surface location C-10-H/94-A-13). This well which is located the furthest north on the Company's contiguous land block at Inga/Fireweed produced 1,895 BOE per day on IP30 and consisted of 63% oil and NGLs. The Company is pleased to see the high liquids rate this far north on its lands.

In addition, the Company has recently completed its first Middle IBZ Montney well located at Inga 03/14-24-087-23W6 (surface location C12-36-087-23W6). The well was completed with a 46-stage ball drop system. Due to its proximity to an existing Middle Montney well that had been on production for over a year, several fracs had to be reduced or skipped resulting in fewer stages and less sand being placed during the completion. This well produced 611 BOE per day on IP30 and consisted of 75% oil and NGLs. The Company is currently drilling its second Middle IBZ Montney well from a three-well pad at Inga and plans to place the horizontal lateral in a position offsetting both the Upper and Middle Montney wells in a "W" pattern which should maximize drainage and prevent interference from the other zones. Kelt is pleased with the high liquids rate from its first Middle IBZ Montney well at Inga.

PRODUCTION

Kelt achieved a record high calendar year average production in 2017. Average production for 2017 was 22,130 BOE per day, up 6% from average production of 20,947 BOE per day in 2016. Production for 2017 was weighted 42% oil and NGLs and 58% gas.

RESERVES

Kelt retained Sproule Associates Limited ("Sproule"), an independent qualified reserve evaluator to prepare a report on its oil and gas reserves. The report is dated February 1, 2018 and is effective as of December 31, 2017. 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, 2017 and at December 31, 2016 were determined using the guidelines and definitions set out under National Instrument 51-101 ("NI 51-101"). Additional reserves disclosure as required under NI 51-101 will be included in Kelt's Annual Information Form which will be filed on SEDAR on or before March 31, 2018.

The Company's net present value of proved plus probable reserves at December 31, 2017, discounted at 10% before tax, was $2.1 billion, an increase of 22% from $1.7 billion at December 31, 2016, despite lower forecasted oil and gas prices for the future years in the December 31, 2017 evaluation (see "Commodity Prices" table included below). Sproule's forecasted commodity prices for 2018 used to determine the present value of the Company's reserves at December 31, 2017, are USD 55.00 per barrel for WTI oil and $2.70 per GJ for AECO gas. As a result of the Company's gas market diversification strategy, Kelt is forecasting that only 26% of its 2018 gas production will be sold into the AECO market. The remaining forecasted gas production for 2018 is expected to be sold into the Dawn, Malin, Sumas and Chicago markets under existing contracts.

The following table outlines a summary of the Company's reserves at December 31, 2017:

SUMMARY OF RESERVES					
	Oil & NGLs [Mbbls]	Gas [MMcf]	Combined [MBOE]	NPV10% BT ($M)	NPV10% BT ($/BOE)
Proved Developed Producing	14,709	138,891	37,858	422,932	11.17
Proved Developed Non-producing	1,264	9,412	2,833	23,642	8.35
Proved Undeveloped	39,013	319,621	92,282	646,662	7.01
Total Proved	**54,986**	**467,924**	**132,973**	**1,093,236**	**8.22**
Probable Additional	46,802	334,951	102,628	1,018,338	9.92
Total Proved plus Probable	**101,788**	**802,875**	**235,601**	**2,111,574**	**8.96**

Proved developed producing reserves at December 31, 2017 were 37.9 million BOE, an increase of 10% from 34.5 million BOE at December 31, 2016. Total proved reserves at December 31, 2017 were 133.0 million BOE, up 23% from 108.2 million BOE at December 31, 2016. Proved plus probable reserves at December 31, 2017 were 235.6 million BOE, an increase of 21% from 194.1 million BOE at December 31, 2016.

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

CHANGE IN RESERVES – YEAR OVER YEAR			
[MBOE]	**December 31, 2017**	December 31, 2016	Percent Change
Proved Developed Producing	**37,858**	34,467	+ 10%
Proved Developed Non-producing	**2,833**	1,393	+ 103%
Proved Undeveloped	**92,282**	72,333	+ 28%
Total Proved	**132,973**	108,193	+ 23%
Probable Additional	**102,628**	85,873	+ 20%
Total Proved plus Probable	**235,601**	194,066	+ 21%

Future development capital ("FDC") expenditures of $776 million are included in the evaluation for total proved reserves and are expected to be spent as follows: $118 million in 2018, $153 million in 2019, $135 million in 2020, $92 million in 2021, and $278 million thereafter. FDC expenditures of $1,164 million are included in the evaluation of proved plus probable reserves and are expected to be spent as follows: $139 million in 2018, $210 million in 2019, $199 million in 2020, $185 million in 2021 and $431 million thereafter.

The following table outlines FDC expenditures and future wells to be drilled by province, included in the December 31, 2017 proved plus probable reserve evaluation:

FUTURE DEVELOPMENT CAPITAL EXPENDITURES – PROVED PLUS PROBABLE RESERVES				
	December 31, 2017		December 31, 2016	
	FDC ($M)	**Net Wells**	FDC ($M)	Net Wells
Alberta Montney HZ wells	**175,728**	**37.3**	260,716	49.3
British Columbia Montney HZ wells	**638,203**	**102.5**	312,482	51.0
Total Montney HZ Wells	**813,931**	**139.8**	573,198	100.3
Other formations – HZ wells	**342,441**	**74.5**	347,556	76.7
Other expenditures	**7,220**	**-**	26,863	-
Total FDC Expenditures	**1,163,592**	**214.3**	947,617	177.0

The WTI oil price during the three years from 2015 to 2017 averaged USD 47.69 per barrel, after a precipitous decline from USD 93.00 in 2014. Sproule is forecasting an average WTI oil price of USD 55.00 per barrel in 2018. Natural gas prices during the 2015 to 2017 period at AECO-C averaged $2.24 per GJ. Sproule is forecasting an average AECO-C gas price of $2.70 per GJ in 2018.

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

COMMODITY PRICES									
	December 31, 2017 Evaluation						December 31, 2016 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**		**0.906**		**4.27**		93.00	0.905	4.27
2015 (historical)	**48.80**		**0.783**		**2.56**		48.80	0.783	2.56
2016 (historical)	**43.32**		**0.755**		**2.07**		43.32	0.755	2.07
2017 (historical/future)	**50.95**	- 7%	**0.771**	- 1%	**2.09**	- 36%	55.00	0.780	3.26
2018 (future)	**55.00**	- 15%	**0.790**	- 4%	**2.70**	- 13%	65.00	0.820	3.10
2019 (future)	**65.00**	- 7%	**0.820**	- 4%	**2.95**	- 3%	70.00	0.850	3.05
2020 (future)	**70.00**	- 2%	**0.850**	0%	**3.46**	- 7%	71.40	0.850	3.71
2021 (future)	**73.00**	0%	**0.850**	0%	**3.60**	- 5%	72.83	0.850	3.79

Note:
Percent change in the above table shows the change in price used in the 2017 evaluation compared to the price used in the 2016 evaluation for the respective calendar years.

During 2017, the Company's capital expenditures, net of dispositions, resulted in proved plus probable reserve additions of 49.6 million BOE, resulting in 2P finding, development and acquisition ("FD&A") costs of $6.94 per BOE, including FDC expenditures. Proved reserve additions in 2017 were 32.8 million BOE, resulting in 1P FD&A costs of $9.61 per BOE, including FDC expenditures.

Despite a significant disposition in 2017, Kelt was able to show significant reserve additions from new wells and from certain existing wells that have produced at rates that have exceeded previous estimates. Estimated capital expenditures, after dispositions, in 2017 were $128 million (unaudited). The Company considers the calculated FD&A costs in 2017 to be a good result considering it also increased its undeveloped land acreage in its core areas including the newer Montney plays located at Oak/Flatrock in British Columbia and Pipestone/Wembley in Alberta and made a significant infrastructure purchase in 2017.

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. With the purchase and construction of facilities and infrastructure in 2016 and 2017, 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 continues to transition to development/pad drilling.

Kelt's 2017 capital investment program resulted in net reserve additions that replaced 2017 production by a factor of 4.1 times on a proved basis and 6.2 times on a proved plus probable basis.

The following table provides detailed calculations relating to FD&A costs for 2017 and 2016:

	Year ended December 31, 2017	Year ended December 31, 2016
1P RESERVES		
Capital expenditures [$000's] *(2017 unaudited)*	**127,977**	98,268
Change in FDC costs required to develop reserves [$000's]	**187,459**	57,241
Total capital costs [$000's]	**315,436**	155,509
Reserve additions, net [MBOE]	**32,837**	32,010
FD&A cost, including FDC [$/BOE]	**9.61**	4.86
Operating netback [$/BOE] *(2017 unaudited)*	**15.92**	9.87
Recycle ratio – proved	**1.7 x**	2.0 x
2P RESERVES		
Capital expenditures [$000's] *(2017 unaudited)*	**127,977**	98,268
Change in FDC costs required to develop reserves [$000's]	**215,976**	79,416
Total capital costs [$000's]	**343,953**	177,684
Reserve additions, net [MBOE]	**49,592**	51,211
FD&A cost, including FDC [$/BOE]	**6.94**	3.47
Operating netback [$/BOE] *(2017 unaudited)*	**15.92**	9.87
Recycle ratio – proved plus probable	**2.3 x**	2.8 x

RESERVES RECONCILIATION

During 2017, 8.6 million BOE of proved plus probable reserves (8.0 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, 2016	**71,893**	**733,037**	**194,066**
Extensions and infill drilling	31,075	141,220	54,612
Technical revisions	8,505	521	8,592
Economic factors	215	664	326
Acquisitions	20	617	123
Dispositions	(6,548)	(45,077)	(14,061)
Additions, after dispositions ("Net additions")	**33,267**	**97,945**	**49,592**
Less: 2017 Production *[1]*	(3,372)	(28,107)	(8,057)
Balance, December 31, 2017 *[2]*	**101,788**	**802,875**	**235,601**

Notes:
[1] Sulphur production of 11,814 Lt (20 MBOE) has been excluded in the above table.
[2] Sulphur reserves of 14,700 Lt (24 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, 2016	**37,928**	**421,592**	**108,193**
Extensions and infill drilling	18,354	85,705	32,638
Technical revisions	5,684	13,965	8,012
Economic factors	104	412	173
Acquisitions	12	256	55
Dispositions	(3,724)	(25,899)	(8,041)
Additions, after dispositions ("Net additions")	**20,430**	**74,439**	**32,837**
Less: 2017 Production *[1]*	(3,372)	(28,107)	(8,057)
Balance, December 31, 2017 *[2]*	**54,986**	**467,924**	**132,973**

Notes:
[1] Sulphur production of 11,814 Lt (20 MBOE) has been excluded in the above table.
[2] Sulphur reserves of 5,600 Lt (9 MBOE) have been excluded in the above table.

NET ASSET VALUE

Kelt's net asset value at December 31, 2017 was $11.08 per share, up 20% from the previous year. Details of the calculation are shown in the table below:

NET ASSET VALUE PER SHARE		
[$M unless otherwise stated]	**December 31, 2017**	December 31, 2016
P&NG reserves, NPV10% BT	**2,111,574**	1,730,690
Decommissioning obligations, NPV10% BT *[unaudited] [1]*	**(14,961)**	(9,462)
Undeveloped land	**239,118**	212,528
Bank debt, net of working capital *[unaudited]*	**(131,525)**	(138,044)
Proceeds from exercise of stock options *[2]*	**60,361**	29,683
Net asset value	**2,264,567**	1,825,395
Diluted common shares outstanding (000's) *[2] [3]*	**204,410**	198,504
Net asset value per share ($/share)	**11.08**	9.20

Notes:
[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 $7.19 and $6.77 per common share respectively, as at December 31, 2017 and 2016.
[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, 2017 closing price of $7.19, 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 reserves values, 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 future commodity prices used by Sproule in their evaluation, markets for future gas production, future development capital expenditures, expectations, exploration and development activities and drilling plans. 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. Kelt has made assumptions regarding, but not limited to: existing production sales contracts remaining in place for 2018, future commodity prices, timing and amount of capital expenditures, future production expenses, future cash flow, future debt levels and future production volumes. 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 FINANCIAL MEASURES AND OTHER KEY PERFORMANCE INDICATORS

This press release contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. In addition, this press release contains other key performance indicators (“KPI”), financial and non-financial, that do not have standardized meanings under the applicable securities legislation. As these non-GAAP financial measures and KPI 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 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. Such abbreviation may be misleading, particularly if used in isolation. 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 "gas" in this discussion include natural gas and sulphur.

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	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
YOY	year-over-year

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