



PRESS RELEASE

(Stock Symbol “KEL” – TSX)

September 4, 2018

Calgary, Alberta

KELT PROVIDES AN UPDATE ON ITS 2018 CAPITAL EXPENDITURE PROGRAM

Kelt Exploration Ltd. (“Kelt” or the “Company”) is providing details relating to its capital expenditure plans for the second half of 2018.

The Company has elected to redirect capital to several projects previously planned for 2019. This capital will become available as a result of delaying the completion of the five-well pad that has been drilled in its Fireweed property in British Columbia, as well as the pipeline infrastructure associated with the tie-in of these Fireweed wells. This infrastructure spending has been delayed due to a “pause” that was implemented by the BC Oil and Gas Commission while it negotiated interim measures for applications that fall within sensitive areas of the Blueberry River First Nations. The pipeline application approval is now expected prior to the end of 2018, allowing the Company to complete and bring these wells on production prior to spring breakup in 2019.

Kelt now plans to complete the five-well pad at its Pouce Coupe property in Alberta immediately after drilling is finished in September 2018. The completion operations for these wells was previously slated for the first quarter of 2019.

In addition, the Company will drill and complete two Doig wells from existing pads in Inga, British Columbia during the third quarter of 2018.

Also at Valhalla, a Montney well that was planned for 2019 is now expected to be drilled and completed at the end of the third quarter of 2018. The Company’s annual aggregate capital budget of \$275 million is not expected to change with these reallocations.

At Inga, Kelt has acquired a “walking rig” to drill the 24-well pad located at 05-09-088-23W6. The location is currently being built and drilling is expected to begin by the end of September 2018. The Company plans to compare “plug and perf” completions to its current “ball drop” completion method on this pad. Along with the savings expected from the drilling operations, due to the efficiencies of the multiple wells, the Company also expects to have the pad wells tied into its new facility which is currently being built at 02-10-088-23W6. As a result, the wells can be completed with minimal water hauling due to the extensive water handling facility at 02-10 and the dedicated water pipeline. This 24-well pad will be the first

phase of development of the three Montney zones that it has so far delineated on its expansive acreage. A fourth zone (the Lower Montney) is expected to be tested in 2019.

The Company has entered into agreements with AltaGas Ltd. whereby Kelt will initially be committed to a 10 year term on a "Take-or-Pay" volume of 75 MMcf/d to be processed at a C3+ deep cut gas plant. The plant is expected to commence commercial operations in the fourth quarter of 2019 and will be a 99 MMcf/d facility that can be expanded to 198 MMcf/d. The Company has an 18 month period to ramp up to 75 MMcf/d and a two year option to extend the 10 year term and/or increase the volume to 95 MMcf/d. During the first 3 years, Kelt also has the option to commit to additional capacity of 50 to 95 MMcf/d. Along with the gas processing agreement, Kelt has secured liquid fractionation and has committed to the sale of all its resulting propane volumes to AltaGas' Ridley Island Propane Export Facility which will result in a "Far East Index" pricing netback.

Kelt believes this arrangement will give it the ability to aggressively develop the Inga/Fireweed property while retaining maximum flexibility, should market conditions change. NGL to gas ratios are expected to go from approximately 38 barrels/MMcf to 70 barrels/MMcf through the new plant.

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", "potentially" 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 timing of expected pipeline application approvals by the BC Oil and Gas Commission; the timing of well completions and tie-ins including the five-well pad at Fireweed, five well pad at Pouce Coupe, two Doig wells at Inga and the Montney well at Valhalla; the expected savings and efficiencies of multi-well pad drilling; expected commencement of commercial operations of the Altagas deep cut gas plant; and, expected NGL gas ratios from the Altagas processing facility.

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.

MEASUREMENTS

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise.

References to “natural gas liquids” or “NGLs” include pentane, butane, propane, and ethane. References to “gas” in this discussion include natural gas and sulphur.

ABBREVIATIONS

TSX	the Toronto Stock Exchange
KEL	trading symbol for Kelt Exploration Ltd. common shares on the TSX
MMcf	million cubic feet
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
C3+	Propane plus all other heavier natural gas liquids

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