



PRESS RELEASE

(Stock Symbol “KEL” – TSX)

March 17, 2020

Calgary, Alberta

KELT REDUCES 2020 CAPITAL EXPENDITURE PROGRAM BY 36%

Kelt Exploration Ltd. (“Kelt” or the “Company”) announces that its board of directors has approved a reduction in capital expenditures for 2020. The Company has reduced its capital expenditure budget by \$80.0 million or 36% to \$145.0 million (previously \$225.0 million).

The energy industry continues to experience high volatility with lower crude oil prices driven by fears of a retraction in global economic growth and increases in crude oil supply as oil producing countries such as Saudi Arabia and Russia ramp up oil production during a period of heightened uncertainty caused by the COVID-19 pandemic. In addition, natural gas prices at most major U.S. gas hubs are trading at low levels coming out of a warmer than average winter in North America.

Kelt has taken measures to mitigate near term commodity price volatility by entering into fixed price swap contracts for the first half of 2020 on crude oil and for the summer of 2020 on natural gas.

The reduction in Kelt’s capital spending plans for the remainder of 2020 includes the deferral of the following projects:

- Drilling of an exploratory well at Oak/Flatrock;
- Completions of seven development wells at Oak/Flatrock;
- Construction of pipeline tie-ins, gas compression and an oil battery at Oak/Flatrock;
- Drilling of a well at Wembley/Pipestone;
- Completion of a well at Wembley/Pipestone;
- Construction of pipeline tie-ins at Wembley/Pipestone; and
- Drilling and completions of a five well pad at Fireweed.

The revised capital expenditure program will begin immediately with minimal activity in the second quarter of 2020.

Kelt has reduced its production forecast for 2020 by approximately 12% to reflect the delayed start-up of new wells resulting from the deferral of capital expenditures. The Company expects 2020 production to average between 34,000 and 36,000 BOE per day

(previous forecast was 38,500 to 41,000 BOE per day). The revised 2020 production forecast would represent an increase of between 13% and 20% from average production of 29,961 BOE per day in 2019.

Given the significant recent decline in commodity prices, Kelt has reduced its 2020 commodity price assumptions as follows:

WTI Crude Oil (USD/bbl) : \$39.50 (down 24% from \$52.00).

[Note: WTI averaged USD \$54.09 for the first two months of 2020, the annual forecast assumes WTI will average USD \$36.60 from March 1, 2020 to December 31, 2020. Kelt has fixed the WTI price on 6,000 bbls/d of crude oil at CAD \$75.63/bbl for March 2020 and on 4,000 bbls/d of crude oil at CAD \$77.55/bbl from April 1, 2020 to June 30, 2020].

MSW Crude Oil (CAD/bbl) : \$46.60 (down 24% from \$61.50).

[Note: Kelt has fixed the differential between WTI and MSW on 1,000 bbls/d of crude oil at USD \$4.60/bbl and on 3,000 bbls/d of crude oil at CAD \$6.40/bbl for the period from April 1, 2020 to June 30, 2020].

NYMEX Natural Gas (USD/MMBtu) : \$2.10 (down 7% from \$2.25).

[Note: Kelt has fixed the NYMEX Henry Hub natural gas price on 45,000 MMBtu/d at CAD \$2.83/MMBtu from April 1, 2020 to November 30, 2020. In addition, Kelt has fixed the CONWAY price on 500 bbls/d of propane at CAD 23.35/bbl for two years from April 1, 2020 to March 31, 2022. Starting in April 2020, the majority of the Company's un-hedged propane volumes will be sold in Asia receiving Far East Index pricing when the Company commences processing gas at the Altagas Townsend Deep-Cut Gas Plant in British Columbia].

Exchange rate (USD/CAD) : \$0.739 (down 3% from \$0.758).

[Note: Kelt has entered into a collar on USD \$3.0 million per month with a floor of USD \$0.741 and a ceiling of USD \$0.704 from April 2020 to December 2020, with an option to enter into an extendible fixed rate swap at USD \$0.704 on USD \$3.0 million per month for calendar 2021 only if the settlement exchange rate on December 31, 2020 is less than USD \$0.704].

After giving effect to the revised production and commodity price forecasts, Kelt has reduced its forecast for 2020 adjusted funds from operations by 40% to \$135.0 million. Bank debt, net of working capital ("net bank debt") at December 31, 2020 is forecasted to be \$310.0 million or 2.3 times adjusted funds from operations for the year.

The Company will continue to closely monitor market conditions during this period of global uncertainty and may make additional changes to the 2020 capital expenditure program if warranted.

ADVISORIES

Changes in forecasted commodity prices and variances in production estimates can have a significant impact on estimated adjusted funds from operations and profit. Please refer to the advisories regarding forward-looking statements and to the cautionary statement below.

The 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 for the calendar year 2020. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

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 deferral of certain identified projects; the expected range of Kelt’s 2020 production; the expected timing of 2020 capital expenditures; forecasted commodity prices for 2020; forecasted net bank debt levels; and additional changes to the 2020 capital program if warranted.

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 FINANCIAL MEASURES AND OTHER KEY PERFORMANCE INDICATORS

This press release may contain 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.

“Net bank debt” is equal to “bank debt, net of working capital”. “Net bank debt” is calculated

by adding the working capital deficiency to bank debt. The working capital deficiency is equal to total current assets net of total current liabilities. The Company uses a “net bank debt to annualized quarterly adjusted funds from operations ratio” as a benchmark on which management monitors the Company’s capital structure and short-term financing requirements. Management believes that this ratio, which is a non-GAAP financial measure, provides investors with information to understand the Company’s liquidity risk.

“Adjusted funds from operations” is calculated as cash provided by operating activities before changes in non-cash operating working capital and adding back (if applicable): transaction costs associated with acquisitions and dispositions, provisions for potential credit losses, and settlement of decommissioning obligations. Adjusted 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. Adjusted funds from operations is a Non-GAAP measure used by management as a key measure to assess the ability of the Company to fund operating activities, capital expenditures and the repayment of debt however; it is not intended to 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. 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 “liquids” include field condensate and NGLs. 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
Bbls	Barrels
Bbls/d	barrels per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
BOE	barrel of oil equivalent
BOE/d	barrel of oil equivalent per day
NGLs	natural gas liquids

WTI	West Texas Intermediate
MSW	Medium Sweet Blend
NYMEX	New York Mercantile Exchange
GAAP	Generally Accepted Accounting Principles

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